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WORLD NEWS

Waite 'may be freed next week'

The Archbishop of Canterbury's envoy, Terry Waite, could be released next week, an authoritative Lebanese magazine said

It said the detention of Mr Waite, who disappeared on January 21, was seen by his captors as a way of "reactivating severed communications lines with the US."

Ash Shiraa magazine, sprang to prominence by first revealing information about US arms shipments to Iran in return for the release of American hostages. Back Page.

Kinnock council pledge

Labour leader Neil Kinnock accused Mrs Thatcher of trying to destroy community services and promised to restore them with a tightly-controlled programme of local government spending. Back Page

BBC to regain films

Scottish law officers ordered police to return to the BBC five of the films in the six-part Secret Society series seized by the Special Branch. BBC raids, Page 4

BT strike goes on

The strike by 110,000 British Telecom engineers is set to go on until Wednesday but the union said a settlement appeared certain. Page 5

Boy guilty of murder

Darren Coulburn, 14, was sentenced to be detailed during Her Majesty's pleasure after being found guilty in Manchester of murdering a fellow pupil in a row over a football.

Philippines war footing

Philippines Armed Forces chief Fidel Ramos told the army to prepare for war as rebels gave no answer to government appeals to extend a ceasefire.

S Korea round-up

South Korean police arrested 2,400 people on the eve of planned nationwide demonstrations against the torture of dissidents and students.

Massacre claim

The Soviet Union has prodded Italy into investigating a claim that the German army massacred 2,000 Italian soldiers in 1943. Page 2

Russians return

A group of 25 emigre Russian Jews said they were returning to the Soviet Union after spending up to 16 years in Israel treated as second-class citizens.

Irish unemployment up

Irish unemployment reached a record of almost 20 per cent — 254,526 people — last month, a new blow to the Government ahead of the general election.

Thatcher sets record

Mrs Thatcher became the longest-serving Prime Minister, beating Lord Wilson's record of seven years and 278 days.

Pay rise for lecturers

University lecturers are set to receive an average 16 per cent pay rise under a new agreement. Page 5

Spanish students protest

Thousands of Spanish students battled with police in several cities in protest at government refusals to allow free access to university.

Eleven die in crash

Eleven people died and 31 were hurt when a bus and a truck collieded in fog in Konya, central Turkey.

Glasgow Rangers fined

Glasgow Rangers were fined SFr 12,000 (£5,100) by the European Football Union for unsporting behaviour in a match against Borussia Moenchengladbach in December.

BUSINESS SUMMARY

FT Index at fresh peak of 1508.9

LONDON equities were pushed to fresh records by hopes of lower interest rates and tax cuts in the Budget. The FT Ordinary Share Index topped 1,500 for the first time, closing 22.7 up at 1,508.9.

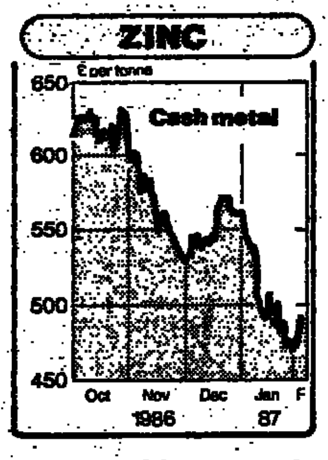
Following the trend of other major world stock markets, the index has registered a rise of nearly 192 points since January 1. Back Page; Stock market report, Page 11

BANK of England has given wide terms of reference to inspectors who will investigate Standard Chartered's defence against the bid last year from Lloyds Bank. Back Page

BAKER PERKINS accepted a revised merger offer from APV, worth £30m less than on the original terms, after announcing unexpected cost overruns in its food machinery arm BCS. Page 8; Lex, Back Page

ZINC cash price on the London Metal Exchange finished £6 higher at £492.50 a tonne. The gain of £16 over the week has

ZINC



been prompted by concern that the five-week closure of Australia's Port Pirie smelter at the end of March will hit supplies. Commodities, Page 9

BRITISH COAL said it would develop a £90m mine at Margam, South Wales provided the NUM agreed to produce coal six days a week. Financial aid from the Government and EEC is a further condition. Page 4

SPANISH stock markets in Madrid and Barcelona suspended dealing in the electrical utility Fecsa, causing utility share prices to fall to their legal limit. Page 2; World Stock Markets, Page 10

ROVER GROUP is to hold talks with the management of its South African offshoot which has expressed interest in buying the concern. Report and Day defends funding, Page 5

FRENCH tax dodgers took advantage of a six-month amnesty, which expired on February 1, to repatriate FFr 15.93bn (£1.7bn). Page 2

HERALD and Weekly Times, based in Melbourne, agreed on purchasers of its broadcasting interests. This clears the way for Rupert Murdoch's A$2.3bn (£1bn) takeover of HWT. Page 9

CHRYSLER of the US is in talks which could lead to the company taking control of Lamborghini, the luxury car maker based in Bologna, Italy. Page 9

HOOGOVENS, the Dutch steelmaker, agreed to take over the European activities of Kaiser Aluminum & Chemical of the US in an attempt to lessen its dependence on steel operations. Page 9

LONDON & Northern won an eight-day extension in the period of the bid from Demerger Two because of "material factors" which had come to light concerning L & N's results.

GUINNESS sold for about £17m the 3 per cent stake in Bank of Scotland which it acquired upon its takeover of Distillers last year. Page 8

Big premium likely as BA share offer is over-subscribed

BY RICHARD TOMKINS

A LAST-MINUTE surge of enthusiasm for the British Airways' flotation has increased the likelihood of a big premium for investors when dealings in the shares begin on Wednesday.

The number of applicants appears to be well ahead of the 500,000 expected and the £900m offer for sale was easily oversubscribed when it closed yesterday morning.

The response is a remarkable turnaround from last week when the issue was still being regarded as one for professionals and seemed to attract little attention from the public.

—Eleventh-hour interest was stimulated by healthy overseas demand, a pricing which was seen as reasonable, and recent strong advances in the London stock market.

Many small investors were among the professionals queueing to beat yesterday's 10.01 am deadline to hand in application forms at City receiving banks. The issue's advisers estimate that up to 1m people might have applied.

The application forms were still being counted last night and a final tally will emerge over the weekend. However, the Government announced yesterday afternoon that the response had been sufficient to trigger the clawback of shares into the UK public offering.

This means that the UK offer of 34 per cent of the shares was at least three times subscribed, and will be increased to 47 per cent of the total issue at the expense of institutional and overseas investors.

The strength of the response prompted stockbrokers' analysts to upgrade their forecasts of the likely opening price for the 65p partly-paid shares. Figures of 90p to 95p are being predicted, representing a premium of about 40 per cent on the issue price.

Cleveland Securities, the licensed dealer making a grey, or unofficial, market in the shares in advance of Stock Exchange dealings, yesterday increased its price from 84p to 89½p.

The scope for big profits will be limited by the likelihood of a severe scaling down of the allocation of shares on each application.

The Government is committed to avoiding a ballot. Hill Samuel, merchant bank sponsoring the flotation, said yesterday that it wanted to avoid a ballot at almost any cost.

If the issue turns out to be heavily subscribed, a cut-off could eliminate the biggest investors, and smaller investors could face severe rationing—in an extreme case, to as few as 100 shares each.

Although there were many small investors among the last-minute queues at the receiving banks yesterday, the Government appeared to have achieved its objective of steering the issue towards those with previous experience of share ownership rather than first-time investors.

Most said they had bought shares in previous Government issues—notably British Telecom, TSB and British Gas—and were well aware of the risks inherent in the British Airways flotation.

Some intended to become long-term shareholders in British Airways, but budding stags were also much in evidence.

"I'm afraid I'm just going to take the premium and run," said a 30-yearJ-old computer systems analyst.

"I did very well out of Telecom, Gas and TSB, and as somebody said, as long as they keep on giving money away,y ou might as well have some of it."

Picture, Page 8

Europeans fear speed up in SDI deployment

BY STEWART FLEMING, US EDITOR IN WASHINGTON

EUROPEAN GOVERNMENTS are expressing concern that the Administration may decide soon to accelerate the timetable for the deployment of a first phase of the so-called "Star Wars" strategic defence initiative. The Europeans are anxious not to see deployment before there have been negotiations with Moscow and the Western allies.

British officials confirmed yesterday that Sir Anthony Acland, the British ambassador, met Mr George Shultz, the US Secretary of State on Thursday at Britain's request to discuss reports that a decision on early deployment may be imminent.

Washington's European allies fear that the Reagan administration might formally reinterpret the 1972 Anti-Ballistic Missile ABM treaty to permit more extensive testing of some "Star Wars" components and accelerate deployment of a first phase of SDI.

Britain has made it clear that it believes Washington should stick to the narrow interpretation of the ABM treaty. In November 1986, President Reagan, and Mrs Margaret Thatcher, the British Prime Minister, agreed in Camp David that there would be no deployment of SDI before negotiations — a phrase which London has interpreted to mean negotiations with the Soviet Union and Nato.

Mr Leo Tindemans, the Belgian Foreign Minister and current President of the EEC's Council of Ministres, said yesterday in Washington that Western European governments many of which are uneasy about the effects of the SDI programme on arms control talks, believe that research should be conducted within the framework of the ABM treaty as it has traditionally been interpreted.

The New York Times reported yesterday that Lord Carrington, Secretary-General of Nato had written to the Reagan administration asking that the Alliance be consulted before a decision was made on early deployment of systems such as Star Wars.

The ABM treaty, which defines the limits within which Washington and Moscow can conduct research, test and deploy both space-based and ground-based defences against nuclear missiles, is seen by advocates of arms control as the most effective agrement of its sort.

Were it tobe re-interpreted to remove many of the restrictions on the creation of a space-based missile defence system, arms control advocates believe it would create new tensions between the superpowers, make more unlikely the prospects for an early arms control agreement, and add new strains to the western alliance.

On Capitol Hill, House Democrats are determined to prevent the Reagan Administration

Continued on Back Page

Avana rejects £243m takeover bid from RHM

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

RANKS HOVIS McDougall yesterday bid £243m for Avana Group, sending the Welsh food company's shares soaring and prompting a sharp rejection from its chairman, Dr John Randall.

He said: "They have not got a hope in hell," and threatened strong resistance and "profound surprises" for the bidders.

Shares in Avana, a key supplier of own-label foods to Marks and Spencer and supermarket chains, immediately rose almost 50 per cent from Thursday's 480p closing price.

They eased later and closed at 687p, up 207p on the day and 9p below the 696p cash price offered by Ranks (RHM). RHM's shares closed 11½p lower at 308p.

The takeover offer comprises 12 new RHM shares for every five Avana shares or the cash alternative. At yesterday's prices, the share swap was worth 740p. The bid followed a deal on Thursday in which RHM paid £49.7m cash for a 20.3 per cent stake held by Northern Foods in Avana.

Dr Randall said he was "astonished and dismayed" by Northern's sale. He claimed Northern had agreed that it would only sell its shares to "friendly hands."

RHM, best known for its Mothers Pride bread, Mr Kipling cakes and Bisto gravy mixes, had pre-tax profits last year of £90.8m on sales of £1.4bn, outstripping City estimates. At the annual meeting recently, the board said performance in the first four months of the current year was well ahead of 1986.

Avana Group, by contrast, has been producing flat results. It was once the darling of the Stock Exchange, favoured for turning round the James Robertson jam business and exploiting the breakfast cereals potential of Viota.

Some City analysts estimated yesterday that profits for the year might be about £21m compared with £19.6m last time. However, there were suggestions that the gloom had been overdone and that Avana has been under-priced. This could explain the heavy premium offered by RHM, one analyst said.

RHM stressed the groups' common interests in bakery products, ready-made meals, groceries and chocolate. Mr Stanley Metcalfe, managing director, said he could see no reason for a referral to the Monopolies and Mergers Commission.

However, a successful takeover would give RHM about two-thirds of the "free" market in chocolate—the portion not in the hands of confectionery leaders such as Cadbury, and Rowntree Mackintosh. Absorbing Avana's 9 per cent share of the UK cake market would give RHM about 40 per cent of the trade.

Dr Randall said yesterday that he was appointing County Bank, the merchant banking arm of National Westminster, to advise on defence.

Background, Page 8
Lex, Back

NGA follows Sogat and drops action at Wapping

BY HELEN HAGUE, LABOUR STAFF

THE YEAR-LONG dispute between News International and the print unions ended yesterday when leaders of the National Graphical Association decided to call off the union's action unconditionally.

On Thursday leaders of Sogat '82 voted to end the conflict. News International has now withdrawn contempt of court proceedings which could have lead to the seizure of both unions' assets.

The company, which sacked 5,500 print workers in January last year after they voted to go on strike, confirmed that individual sacked members of the NGA would be able to apply for one-off compensation payments, already on offer to Sogat members, for the next month.

Mr Tony Dubbins, general secretary of the NGA, said that it was impractical for the union, which had 850 members sacked, to continue to pursue the dispute alone.

He acknowledged that many of the sacked News International members would be "disappointed and disturbed" by their leadership's abandonment of the dispute, but it was "a decision that had to be faced up to."

The company's solicitors were ready to lodge papers yesterday for contempt of court proceedings, alleging breaches of a High Court injunction banning unlawful mass picketing outside their premises at Wapping, East London.

They were due to do so at noon, two-and-a-half hours before the NGA national council meeting. Solicitors had to work to erase Sogat from the court papers.

Continued on Back Page

Human rights bill falls down

BY PETER RIDDELL, POLITICAL EDITOR

THE Private Member's Bill to incorporate the European Convention on Human Rights into British law yesterday narrowly failed to obtain the 100 votes needed to make progress in the Commons.

This was in spite of growing confidence among its supporters in the past few days. The measure is now dead until after the general election.

It would have ensured that cases brought under the European Convention, covering basic human freedoms and civil liberties, would be heard initially in British courts and not, as at present, at the Strasburg European Court which entails a lengthy delay.

After a five-hour debate just 94 MPs voted for a closure motion to end the debate on the second reading. By falling short by six votes the measure goes to the back of the queue of private members' bills and stands no chance of becoming law.

However, Sir Edward Gardner, the senior Conservative lawyer who sponsored the bill, said he was sad that more MPs had not turned up. He appealed to the Government "to contemplate bringing forward legislation of its own or giving support to the bill."

The Government and Opposition front benches were both hostile. Sir Patrick Mayhew, Solicitor General, argued that the measures might put judges into politics and could grievously damage the standing of the judiciary and encourage conflict with the legislature."

Alliance leaders immediately seized on the outcome to attack the Conservative and Labour front benches. Dr David Owen, the SDP leader, told a party meeting in Southsea that the vote showed "the fundamental conservatism of both old class-based parties to constitutional and legal reform. Only a parliament in which the Alliance parties are strongly represented will be able to ensure reform."

The vote's outcome was always likely to be close given the usual departure of MPs for their constituencies on a Friday. But the hopes of the bill succeeding had risen following the controversy over the police raids on the BBC last weekend. The bill's failure is partly because of weaknesses of organisation. Several leading MPs supported the bill but there seemed to be little support organised from among younger members, particularly from the 1979 and 1983 intakes.

Of the 96, including two tellers, who voted for the closure, about 60 were Conservatives, including 16 senior MPs with knighthoods. There were 16 Labour MPs (including only three junior spokesmen) and 18 from the Alliance and two others.

Seven Alliance MPs were missing including Mr David Alton, the Liberal whip, as well as Mr Clement Freud who was in Japan.

The bill was supported during the debate by Mr Leon Brittan, former Home Secretary, Mr Geoffrey Rippon, a Conservative former Cabinet Minister, as well as by Mr David Steel, the Liberal leader.

During the debate Mr Steel said parliament was no longer adequate on its own to protect the citizen. Mr Nick Brown, the Labour Party's legal spokesman, said it was for parliament to legislate and for the courts to interpret the law.

Afterwards Mr Richard Holme, chairman of the all-party Rights Campaign, said the Government should now initiate all-party talks on a bill of rights as promised in the Conservative 1979 manifesto.

Commons debate, Page 4

MARKETS

DOLLAR
New York lunchtime:
DM 1.8555
FFr 6.179
SFr 1.5675
Y154.25
London:
DM 1.856 (1.84)
FFr 6.18 (6.1325)
SFr 1.565 (1.55)
Y154.4 (153.65)
Dollar index 104.9 (104.2)
Tokyo close Y154.15

US LUNCHTIME RATES
Fed Funds 6 7/16%
3-month Treasury Bills: yield 5.81%
Long Bond: 100 11/32
yield: 7.46%

GOLD
New York: Comex April latest $407.3
London: $403.25 ($399.25)

STERLING
New York lunchtime: $1.507
London: $1.5085 (1.515)
DM 2.8 (2.7875)
FFr 9.3225 (9.29)
SFr 2.36 (2.3475)
Y233.0 (232.75)
Sterling index 68.8 (same)

LONDON MONEY
3-month interbank:
Closing rate 10 7/16% (10 11/16)

NORTH SEA OIL
Brent 15-day Feb (Argus)
$18.05 ($17.975)

STOCK INDICES
FT Ord 1,508.9 (+22.7)
FT-A All Share 941.18 (+1.6%)
FT-SE 100 1,898.4 (+32.3)
FT-A long gilt yield index:
High coupon 9.83 (9.86)
New York lunchtime:
DJ Ind Av 2,199.80 (−1.69)
Tokyo:
Nikkei 19,668.83 (−126.25)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 9; France FFr 6.50; W. Germany DM 2.20; Ireland 60p; Italy L1,600; Malta 30c; Netherlands Fl 3; Norway NKr 7.00; Portugal Esc 100; Spain Pts 125; Sweden SKr 8.00; Switzerland SFr 2.20.

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WEEKEND FT

IRAN

Post-revolutionary Iran is coming to terms with its middle classes — but the harsh realities of conformist Islam intrude.

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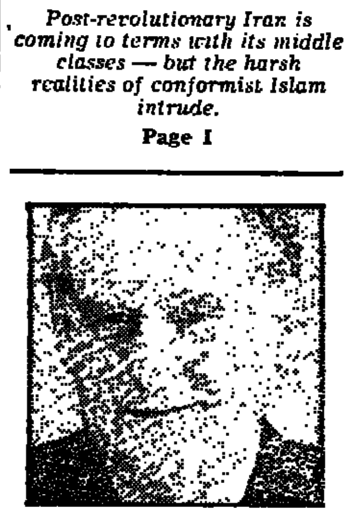

FINANCE

David Hopkinson, retiring managing director of M& G, discusses the principles of investment.

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HOW TO SPEND IT

Smart money is on good grooming as well as good clothes for smart men.

Page XIII

MOTORING

Stuart Marshall test-drives Ford's new Sapphire.

Page XI

Spanish utilities shares plunge after suspension

BY TOM BURNS IN MADRID

UTILITY SHARE prices fell to their legal limit on the Spanish stockmarkets yesterday after the Madrid and Barcelona stock exchanges suspended share dealings of the electrical utility Fecsa.

The temporary suspension followed speculation over the company's financial problems, fuelled by mounting debt and financial charges.

Juan Alegre Marcet, Fecsa's chairman, said the company's board had been "surprised" by the decision and that there had been "no objective reasons" for such a move.

A rescue package was set in motion yesterday, including a government green light for increased electricity charges and offers of aid to the company from the Government and other electrical utilities.

Shares of the other utility companies fell by 5 per cent of their nominal value, the legal maximum drop, on the Madrid and Barcelona exchanges. Dealers spoke on an avalanche of paper. Fecsa had fallen 5 per cent on Thursday before the decision was taken to suspend dealings. All other sectors on the exchanges reflected market nervousness.

The Madrid general index fell by 6.31 points to 241.20 and the Barcelona index by 4.50 points to 120.19. Bilbao dropped 9.03 points and Valencia 5.89.

This was the first hiccough on the Spanish exchanges since they began to rise in 1983. The Stock Exchange board has not in recent memory had to suspend dealings of an electrical utility. They are traditionally blue chip companies, together with the banks and the Telefonica communications monopoly.

Dealers said that the Spanish markets were taking a breather after the sustained rises of the past three years.

The problems of Fecsa, which supplies electricity in the north-east region of Catalonia, stem from debts of Pta 570bn, deferred debts of Pta 107bn through to 1990 and financial charges of Pta 74bn last year and Pta 65bn forecast for this year.

Business circles in Madrid stressed that Fecsa's difficulties were not representative of the sector, which broadly solved its financing requirements through a large-scale asset swapping agreement between the companies in 1985.

That restructuring had been forced on the companies by the Government's decision to shelve five out of 10 planned reactors in a far-reaching cut in the nuclear power programme.

There were fears, yesterday, however, that Fecsa's troubles would have a continued negative impact on utilities.

Fecsa is hoping to raise Pta 200bn by selling the 60 per cent and 45 per cent shares it owns in the two Asco nuclear plants, near Tarragona, and to renegotiate and write off Pta 270bn of its debt.

Security alert in Melilla enclave

By Tom Burns

A FULL security alert was ordered yesterday in Spain's north African enclave of Melilla following the death in hospital of a Moslem who was injured in racial clashes last weekend.

Mohammed Hammu was shot on Sunday by a Spanish resident. Further rioting by the Moslem population is feared. It wants the release of nine Moslem community leaders arrested after the earlier disturbances. They are being held in Almeria, peninsular Spain, on charges of sedition.

Police reinforcements have been moved into Melilla while a majority of the Moslem shopkeepers in the town have maintained a protest strike.

The disturbances have aggravated tensions over political rights of the Moslem minority in the enclave.

In Madrid, the government faced a different set of security problems as hundreds of students clashed with riot police who prevented them reaching the Prime Minister's residence close to the university campus.

Thirteen police officers were injured and an unspecified number of students detained.

Secondary school students demanding an end to selection procedures for university places have been demonstrating, mostly in Madrid

For the first time yesterday university students joined in the protest.

Jordan's plan moves ahead at a time of Mideast stalemate, **Andrew Gowers reports**

Hussein plays for high stakes on West Bank

WHILE the world watches with horror the carnage in Beirut and around Basra, preparations are quietly moving ahead in Jordan for an exercise which may turn out to be highly significant in its own way for the course of Middle Eastern politics.

The effort in question is King Hussein's much-touted development programme for the estimated 1.4m Arabs who live under Israeli occupation on the West Bank of the River Jordan and in the Gaza Strip.

Tens of millions of dollars are on offer this year from Amman and from a growing number of Western donor-countries in an effort to rationalise aid efforts and alleviate the relative economic backwardness of the territories, seized by Israel almost 20 years ago in the Six-Day War.

The sponsors hope to use the money to build hospitals, schools and other infrastructure, as well as to foster small-scale industry and to help Palestinian farmers.

But the programme carries much higher political stakes than the sums available suggest. For Jordan, poised as it is on the faultline of the Arab-Israeli dispute, it marks an attempt to do something concrete for the West Bank and Gaza at a time of almost total political stalemate in the Middle East.

For some other Arabs, in particular for the Palestine Liberation Organisation (PLO), whose leadership is at loggerheads with King Hussein—it is the source of considerable unease.

Jordan and the PLO have co-operated over development in the West Bank before, but their activities tended to be piecemeal, and funding for them from the wealthy Gulf states largely dried up in 1985.

Jordan is now attempting to go it alone, and PLO leaders fear this may erode their claim to speak and act as the Palestinians' sole legitimate representative.

To the Western world, it represents an intriguing but risky new departure which—involving at least tacit co-operation between Arabs and Israelis—touches the volatile heart of the Middle East conflict.

Jordan—which launched the scheme last year with an unrealistic call for funding of $1bn (£714m) but can probably expect to spend upwards of 630m in the first year—has a variety of pressing motives.

With a population now 60 per cent Palestinian, the kingdom always feels acutely uncomfortable in the absence of a peace process.

Officials at all levels insist that the development programme is no substitute for political dialogue, which was halted a year ago when King Hussein broke off talks with PLO leaders.

But at least, it shows they are not being idle while the US and Israel prevaricate on the King's suggestion of an international conference on the Middle East.

The kingdom's Hashemite ruling family is constantly haunted by the spectre of conditions in the occupied territories deteriorating to such an extent that vast numbers of more Palestinians flock over the border. Such an event would strain Jordan's own economy to breaking point and seriously jeopardise its delicate political balance.

While the Government hotly denies it is out to lure the West Bank population away from the PLO, which all the evidence suggests they overwhelmingly support at present, it will scarcely be displeased if its expenditure in the territories helps to improve its image there.

Following a conference on the programme last November, Western governments have indicated their readiness to help. The US, which strongly supports Jordan's initiative, has pledged $10m, and Britain has promised £5m on top of the £10m it is putting towards development on the Jordanian East Bank.

France is coming up with a similar amount, though it is particularly concerned that the money should go direct to the West Bank for fear of appearing to undercut the PLO. More money may come, on the same basis, from some of the Arab development funds.

The PLO's response has been predictably hostile. Since the king severed links with the PLO leadership in frustration last February, Mr Yassir Arafat, the organisation's chairman, has looked increasingly isolated and aimless.

If Jordan does proceed with a unilateral funding effort in the occupied territories, it will seem like another blow to his credibility.

Privately, though, there have been indications among Palestinians of a more equivocal attitude. On the one hand, the PLO's public protests have been muted by an understandable wish not to be seen to stand in the way of something of benefit to the West Bank. On the other, the PLO is itself apparently trying to muscle in on the programme.

To the annoyance and embarrassment of the Jordanians, it appears the organisation is not alone in its wish that the development programme should have a broader base.

Mysteriously, a few weeks ago, a cheque for more than $9m arrived in Amman from Saudi Arabia, Jordan's main Arab paymaster. The official explanation for this was simply that it was a much-delayed contribution to joint development efforts due in 1985.

But its timing has inevitably fuelled speculation that the Saudis are trying to put pressure on King Hussein to co-operate with the PLO again.

A meeting between Jordan and the PLO is planned for the next few days to discuss the disbursement of the money, at which the PLO is expected to be represented by Abu Jihad, its military commander and perhaps Mr Arafat's closest associate. That would be the highest-level visit to Jordan by the PLO since the breach last February.

Whatever happens, Jordan seems determined to try to keep its own West Bank development efforts quite separate from the PLO and the Saudi cheque.

It is insisting that the PLO cannot expect to share in any economic kudos that the plan may bring, unless it makes crucial concessions over two UN resolutions which recognise Israel's right to exist — the very point on which it baulked and so enraged King Hussein last year.

"If the PLO wants to play, it's going to have to play by all the rules," a senior Jordanian official said.

It is also intriguing to speculate over Israel's attitude to Jordan's present activities — of central importance, since nothing can happen in the West Bank and Gaza without Jerusalem's appoval.

So far, it appears to have been quietly lending its support. Whether it could continue to do so if the development programme looked like becoming really ambitious or if it involved the PLO is an open question.

Turkish detergents row boils up

BY DAVID BARCHARD IN ANKARA

THE Turkish Women's Union has denounced them. The British Embassy in Ankara has warned Britons living in Turkey not to use them. The self-proclaimed Turkish Republic of Northern Cyprus has banned them—and been threatened with trade sanctions from mainland Turkey as a result.

The products in question are Turkish-made shampoos, washing-up liquids, soaps, and soap powders which contain up to 40 per cent of active ingredients long since abandoned in Western Europe.

The main culprit for this situation, however, appears to be not the detergent companies themselves, but the Turkish Government, whose standard specifications actually force manufacturers to use locally-made active ingredients.

One of these is DDB (Diodiocylbenzen) which can produce a strong allergic reaction in eczema sufferers and which some doctors suspect of being a carcinogen. It is used in preference to safer "soft" ingredient LAB (Linear althyl Benzen).

Turkish detergents contain about 10-12 per cent of DDB and a further 27-28 per cent of phosphates regarded as dangerous for environmental reasons.

Detergent companies say that switching to imported items could add substantially to the cost of the end-product to the consumer. They point out that the Turkish detergents market is still in its infancy.

"If the government wants to encourage the use of LAB," one company said, "it should lower the import duties."

Producers and the Government are expected to meet next week to agree new safety standards for detergents. In the face of an intense newspaper campaign, it now looks likely that the Government will ban DDB.

Turkey refused to join European Road Safety Year, despite its high traffic accident rates. There is little or no propaganda against smoking, and air pollution in major cities has only been slightly alleviated by imports of high calorific South African coal last year.

UK asks Iran to explain Cooper's TV appearance

BY RICHARD JOHNS

THE UK yesterday demanded an explanation from Iran for what the Foreign and Commonwealth Office described as Thursday's "incomprehensible and totally unacceptable" appearance of Mr Roger Cooper on TV, in which he "confessed" to having collaborated with British Intelligence.

A strong protest was delivered by Mr Bob Young, head of the FCO's Middle East department, to Mr Akhunzadeh Basti, the Iranian chargé d'affaires, when he called on the Foreign Office yesterday of his own volition.

Mr Christopher MacRae, head of the British interests section at the Swedish Embassy in Tehran, has been instructed to seek "the most urgent clarification" from the Iranian authorities.

Mr Cooper, 51, who was employed by McDermott International in Dubai, has been held in Iran since December 6 1985 and denied consular access, in what the FCO regards as a breach of Iran's obligations under the Vienna diplomatic convention. So far, no charges have been brought against him.

The view in Whitehall is that his carefully worded statement would not sustain any charge of espionage. Another longer one is scheduled to be broadcast on Sunday.

Mr Cooper said in the video tape recording broadcast by Iran TV: "I must say that for many years I had links with the BIS—the British Intelligence Service—and co-operated with it in supplying information and carrying out analysis of political and other problems."

In Whitehall, the reference to "BIS" was regarded as odd and probably deliberate, since Mr Cooper would have known that the UK's external intelligence arm is called MI6.

An FCO spokesman said yesterday: "The alleged confession was made in circumstances unknown to us. That is a matter of grave concern."

An American journalist expelled from Iran after being detained for several days on spying charges arrived in Zurich yesterday, Reuter reports. Mr Gerald Seib, Cairo-based correspondent of the Wall Street Journal, was met by his wife and an official from the US embassy in Berne. He was arrested on Saturday on charges of spying for Israel.

Friends of Mr Cooper believe that the "confession" was probably made under duress and possibly part of a deal which might lead to his release while saving the face of the Iranian authorities.

Mr Cooper was pursuing a number of contracts for McDermott's, a leading US engineering company specialising in the oil business. His last trip began in August 1985 on a two-week visa. He submitted his passport for renewal but was unable to obtain an extension or recover it.

He is a fluent Farsi speaker who is said to have been the foremost Oriental linguist of his year at Oxford. It is believed that his intimate knowledge of the country and the two decades during which he resided there before the Islamic Revolution may have aroused suspicions about him.

Mr Cooper settled there in 1958. He earned his living in various ways and for some years was a freelance advertising representative for the Financial Times in the late 1960s and early 1970s.

He was visited on January 25 in Evin Prison by his brother, Mr Paul Cooper, a financial journalist with Channel 4 TV, who said he found him warm and well-fed. "He was obviously under some strain but his morale seemed quite high."

Mr Cooper did some official translation work for the Iranian Government but took care not to associate himself with the Shah's regime.

However, he identified himself strongly with the country, to the extent, his friends used to joke, of believing himself to be more Persian than English.

His uncle was the poet Robert Graves.

Tass forces Italians to review 1943 massacre

By John Wyles in Rome

MORE THAN 43 years after the event, persistent efforts by Tass, the Soviet news agency, have persuaded Italy to take seriously the claim that 2,000 Italian soldiers were massacred by the German Army near Lvov, then the Polish city of Leopoli.

The Italians have resisted looking back to the disastrous autumn of 1943, when their war effort collapsed and an armistice was signed with the allied powers.

Thousands of Italian troops were left stranded by the September 8 armistice alongside German divisions in Eastern Europe and on the Soviet border. Many were successfully repatriated, but others, who refused to take an oath of loyalty and to fight with the German Army, may have been rounded up and shot.

When this version was put out by Tass a week ago, the Italian Ministry of Defence was emphatic that the massacres could not have happened.

But the Italian press has been brimful with old soldiers' stories suggesting that Tass may be on to something.

Embarrassed and flat-footed, Mr Giovanni Spadolini, the Italian Minister of Defence, has set up a committee of inquiry of historians and military experts and told it to report by the end of March.

Tass first made its allegations in 1983, after which Mr Spadolini revealed this week, the Ministry of Defence made its first investigations. The Soviets did not co-operate and the truth or otherwise was never established.

But why has Tass been so anxious to revive the affair? Possibly to embarrass the West Germans, who have been prompt to offer co-operation in seeking out the truth. Or possibly, according to one theory circulating in Rome this week, somebody thought it might embarrass Mr Mikhail Gorbachev's attempt to improve relations with western Europe.

France to step up privatisation

BY GEORGE GRAHAM IN PARIS

FRANCE is planning to accelerate the sale of state-owned companies to the private sector in the wake of the success of the privatisation of Paribas, the investment banking group.

The Finance Ministry hopes to take advantage of the evident hunger for shares in privatised French companies to raise more than the FFr 30bn (£3.2bn) planned for 1987.

Already marked down for sale are the television station TF1, the electrical group CGE, the Havas advertising agency, the Bank CCF and some smaller groups. It may now be possible to bring forward to the second half of 1987 the sale of another big bank, such as Societe Generale, or a large industrial company.

The French privatisation programme began at the end of 1986 with the successful flotation of St Gobain, the glass and packaging group. The response to the offer of Paribas, however, has exceeded all expectations and caused some embarrassment.

The overseas share offering was oversubscribed on the first day of opening and will have to be cut even from that level to help meet demand from 3m small investors in France.

Even so, priority orders for 10 shares at FFr 405 each will have to be scaled back to receive at most five shares. Institutions which did not take a stake in the preliminary private offer are unlikely to receive any shares.

Finance Ministry officials estimate that unsatisfied domestic demand for Paribas share could amount to more than the total of FFr 65bn of shares issued on the French market in 1986.

The fear that the privatisation programme might overload the French stockmarket has been one held less in the market itself than at the French Treasury, which last year prevented state-owned companies from raising new equity funds for fear of upsetting the sale of St Gobain.

The overwhelming success of the Paribas offering, however, has calmed fears that the programme could crowd out other companies from the market.

Paris cautious on Bonn's Soviet move

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government responded yesterday with caution to the crusade by Mr Hans-Dietrich Genscher, West German Foreign Minister, to re-launch a period of détente with the Soviet Union.

Mr Jean-Bernard Raimond, French foreign minister, provided Mr Genscher comfort by saying after the two ministers met in Paris that their governments shared the same approach.

But he added that he preferred the formula of "attentive vigilance in relations with the Soviet Union to the notion outlined by Mr Ganscher in his Davos speech this week "of taking Mr Gorbachev at his word."

Mr Genscher was making his first visit abroad since the West German elections.

He used the occasion to lobby both the French Government privately and French public opinion through a press conference for his proposals for taking seriously the changes in the Soviet Union as the basis of a new relationship with Moscow.

Reflecting French scepticism, Mr Raimond said the West's attitude should be governed by a double vigilance.

On the one hand, it should explore genuine openings such as had resulted in the limited agreements over security arrangements at the Stockholm conference in July.

On the other, the West should be wary of yielding to illusions about the Soviet Union or making untoward concessions.

French scepticism is based on doubts as to whether Mr Gorbachev will be able to carry through real changes in the Soviet Union.

Tax dodge money pours back

By Our Paris Correspondent

FRENCH TAX dodgers have been rushing to take advantage of a six-month amnesty on assets illegally held overseas.

Since the incoming right wing Government of Mr Jacques Chirac announced the amnesty, French citizens have hurried to bring back the money they had squirrelled away in Swiss bank accounts or locked deposit boxes in Luxembourg.

By the time the amnesty expired on February 1, FFr 15.93bn had been repatriated, 26 times as much as came back into the country during a similar amnesty under the Socialist government in 1982.

The amnesty has therefore brought a helpful FFr 1.6bn tax bonus to the Government, since those who took the oportunity to bring back their funds had to pay a 10 per cent anonymous tax by way of atonement.

Estimates of how much money the French still hold abroad illegally range widely, but the amnesty is thought to have touched only the tip of the iceberg.

The French have traditionally been fond of anonymous cash reserves, preferably demoninated in Swiss francs in order to resist the ravages of repeated devaluations of their own currency.

But privatisation fever has now made the domestic stock market the first choice for the French to place their savings.

Hoechst to challenge EEC over raid bid

BY WILLIAM DAWKINS IN BRUSSELS

HOECHST, the West German chemicals group, is to mount a twin legal attack next week against the European Commission, following an abortive attempt to stage a dawn raid on its Frankfurt headquarters.

The company will lodge a complaint at the European Court of Justice in Luxembourg alleging that the Brussels authorities had no right to try to gain entry to its offices during a surprise search on January 20 for evidence of possible price-fixing in PVC and polyethylene, two widely-used plastics.

Hoechst said yesterday that it will also complain that an Ecu 1,000 (£743)-a-day fine later imposed for failing to co-operate with Commission inquiries therefore had no legal foundations.

The court, the ultimate legal power in the EEC, can in theory reverse the Commission's decision or suspend its application. The complaints will be delivered on Tuesday or Wednesday, a Hoechst spokesman said.

The company was among eight chemical producers subject to the surprise investigations, covering six member states.

While the others handed over documents as requested, Hoechst obtained a provisional order against the inspection from the Frankfurt Administrative Court.

Meanwhile, the Commission has given the West German Government a fortnight to explain why the company is not being forced under German law to admit the EEC inspectors.

It is not yet known what precise legal form Hoechst will use for its latest move in this legal battle.

A court spokesman yesterday pointed out that the EEC's Regulation 17 gives the Commission clear rights to examine and make copies of documents, demand verbal on-the-spot explanations and search buildings and vehicles when it suspects companies of breaking Community law.

That suggests, therefore, that the Hoechst challenge is more likely to be on procedural grounds than questioning the Commission's basic right to make dawn raids.

If Hoechst did succeed in annulling the Commission's search warrant, the fines for failing to observe it would automatically become invalid.

However, the company could also make use of Article 173 of the Treaty of Rome, the main fount of EEC law. This permits, among other points, appeals to the European Court against the legality of Commission decisions.

Falconbridge likely to leave S Africa

BY BERNARD SIMON IN TORONTO

FALCONBRIDGE, THE Canadian mining group, appears to be close to selling its 49 per cent interest in the South African platinum producer, Western Platinum.

Falconbridge said company officials met representatives of an unidentified prospective buyer in New York yesterday and that an announcement might be made later.

The most likely buyer, according to sources in Toronto, is the British group Lonrho, which owns the remaining 51 per cent of Western Platinum. Western accounts for about 15 per cent of South African platinum production. Lonrho yesterday refused to comment on the reports.

Falconbridge said last year it planned to sell its investment in Western as part of efforts to lower its C$1.2bn debt by disposing of non-core assets. None the less, the Canadian company raised its holding in the South African group from 25 per cent to 49 per cent last November by buying shares controlled by Mobil Oil.

The move was made to preserve its influence in Western while it looked for a suitable buyer. Earlier, Falconbridge turned down an offer from an unidentified South African company.

Falconbridge said that a surprisingly large number of prospective buyers had come forward. Negotiations have been complicated by their preferred method of dealing through third parties because of the political sensitivity of making a substantial investment in South Africa.

Milan executives face trial

BY ALAN FRIEDMAN IN MILAN

TWO executives of a chemicals subsidiary of Italy's Montedison group are to stand trial next month on charges of having authorised illegal exports to Iraq of a phospherous compound used to make nerve gas.

The executives of Ausidet, a Montedison subsidiary, in December 1984 shipped 20 tonnes of the deadly compound to Iraq, by way of Jordan. The Montedison shipment occurred four months after the Rome Government announced in the official gazette that such exports would require formal government permission.

In Milan yesterday, Montedison said it regretted the shipment, which it called an administrative error.

Montedison added that in 1985 it asked the Iraqi Government in Baghdad to return the 20 tonnes of phospherous to Italy, and this was done.

US unemployment stays at 6.7%

BY NANCY DUNNE IN WASHINGTON

THE US seasonally adjusted unemployment rate remained at 6.7 per cent in January, confirming that December's 0.2 per cent drop was no aberration, but there was no improvement in the important manufacturing sector.

The civilian labour force totalled 119.03m in January, up from 118.6m in December, but the number of unemployed also grew — from 7.95m in December to 8.02m last month.

Recent Government reports have suggested that the US economy could be overcoming its sluggishness. The index of leading economic indicators jumped 2.1 per cent in December and the merchandise trade deficit narrowed to 10.7bn.

However, gains in factory jobs reported from October through December came to a virtual halt last month and fell before seasonal adjustments. As usual, the employment gains, while large, were mostly in the service sector, with 165,000 jobs registered in retailing.

Construction employment, helped by the availability of credit and continued lower interest rates, declined less than it usually does in January and stood at 12.2 per cent, down from 13.7 per cent in December.

Employment in mining, which has been particularly weak since the beginning of 1986, declined still further.

W. Europe companies 'arm Iran'

By Sara Webb in Stockholm

SEVERAL WEST European ammunitions companies have co-operated in supplying Iran with explosives for the war against Iraq, according to a Swedish customs investigation.

The investigators said they hold documents which show that Mr Karl-Erik Schmitz, a Swedish arms-dealer based in Malmo in southern Sweden, has supplied Iran with "several thousand tonnes" of explosives for Howitzer field artillery since 1983 in deals worth more than SKr 2bn (£202m).

According to the customs investigators, Mr Schmitz is still supplying Iran with explosives and has outstanding contracts.

Suppliers of the explosives include Nobel Chemicals of Sweden, PRB of Belgium and Muiden Chemicals of Holland, according to the customs investigators. They have asked the Belgian customs authorities to investigate how the explosives were smuggled from Belgium to France, then on to Iran.

So far, no action has apparently been taken to stop Mr Schmitz, even though as a domiciled Swede he is not allowed to export weapons to the Middle East and other conflict-torn areas.

However, following raids on his office, he has been questioned by customs officers, who say it is now up to the public prosecutor and Armaments Inspection Office to decide how to deal with the matter.

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A Communist rebel reunites with his family outside Bacolod City in the central Philippines, during the 60-day ceasefire.

Aquino faces threat of renewed fighting as ceasefire ends

PRESIDENT Corazon Aquino of the Philippines faces the end of a 60-day ceasefire with Communist New People's Army rebels today greatly cheered by this week's overwhelming vote in favour of a new constitution and reassured that the people want reforms, not revolution.

Mrs Aquino immediately repeated her wish to find a peaceful solution to the 18-year insurgency but as the deadline loomed, Communists in Manila hinted they would not look for an extension of the ceasefire.

The likely end to the 60-day experiment, which could still be resumed at a later date, does not, however, herald an all-out military campaign against the NPA rebels.

Mr Rafael Ileto, Defence Minister, said on Thursday, however, that there will be a graduated build-up of military operations should the ceasefire not be extended.

"We are committed to peace with honour, if not today, then tomorrow, if not with their leaders, then with their members, if not at the national level then locally," the Government's chief negotiator with the Communists, Mr Teofisto Guingona, said last week.

In January, the National Democratic Front (NDF), a Communist umbrella group that represents the NPA, pulled out of peace talks with the Government after 15 farmers, marching for land reform, were shot dead in a clash with troops outside the Presidential Palace.

The NDF negotiators blamed the massacre and also the Government's "insincerity" in the peace talks for their walkout, but agreed to honour the ceasefire until February 7.

To many Filipinos, negotiating with the NDF was at best futile and at worst an invitation to the underground movement to peddle its revolutionary message in the open. It now appears that that is all the movement did.

"It gave us the chance to reach out to a larger number of people who have not heard of the NDF. The work will go on," an NDF activist said.

The NDF's chief negotiators, Mr Tony Zumel and Mr Satur Ocampo, both former journalists, captured the headlines in Manila's vibrant press, planting the idea that the left was negotiating on an equal footing with the Government.

Only the day after the ceasefire came into effect, Mr Zumel led television cameramen to a village three hours from Manila where heavily armed NPA rebels paraded openly, demonstrating, with some reason, that the revolutionary forces are effectively in control.

Gen Fidel Ramos, the armed forces chief of staff, admits that 19 per cent of the country's villages are either controlled or influenced by the NPA and the Communist movement.

In the talks, the NDF pushed variously for participation in a coalition government, redistribution of land without compensation to land owners, a revamp of the military, and for a completely rewritten constitution.

Even before the ceasefire which began on December 10, and the subsequent peace talks, Mrs Aquino appeared to be losing patience with the NDF's refusal to consider giving up armed struggle, advisers said.

Her decision to push through with the ceasefire, despite misgivings, was partly to test the NDF's sincerity and lay the moral basis for a solution that will involve military operations.

"I must explore the path of peace to the utmost, for at its ends . . . is the moral basis for laying down the olive branch of peace and taking up the sword of war," Mrs Aquino told the US Congress last September.

Her renewed request for the NDF to rejoin the Government at the negotiating table may mean she is uncertain she has that moral basis yet, and also reflects resistance from influential former human rights lawyers in her Cabinet.

Even if the Government's overtures for more talks with the NDF are ignored, they might return to the negotiating table later. A continuation of the talks would anger many military officers who feel that the Communists are the only ones to gain from a ceasefire.

The NDF could find the excuse to return to resumed talks, in order to increase friction between the military and civilian arms of government that has been brewing since Mrs Aquino took power a year ago, observers said.

Meanwhile, the Government is looking for regional ceasefires with local NDF leaders independent of the national negotiators in Manila. Few people can now doubt that Mrs Aquino has the backing of the Filipino people, after a 78 per cent vote in favour of the new constitution in this week's referendum.

Manila believes Filipinos want reform, not revolution, Richard Gourlay writes. The rebels say their work goes on . . .

It will therefore be more difficult for the NDF to claim that it represents the genuine wishes of the people. Perhaps for the first time since the New People's Army was launched in 1969, it is truly on the defensive politically.

Initially launched by former University of the Philippines students and the remnants of an earlier Communist rebel group, the Hukbalahap, the underground movement and the NPA really blossomed after President Ferdinand Marcos announced martial law in 1972.

Today, the NPA is estimated to have between 14,000-23,000 members, some 12,000 of whom are probably full armed, and a popular base of support that could exceed 1m, military experts and the Philippine Army say.

In some areas, there appears to be serious heart-searching in the leadership of the NDF, if not actual splits, but it is too soon to say whether the Government's attempt to divide and rule the revolutionary movement will work.

Both Mr Ileto and one NDF spokesman have said they will adopt policies of "active defence," effectively only firing when attacked.

But even without a "go" signal from Mrs Aquino, the fighting could escalate as ceasefire restrictions are lifted.

The Defence Ministry has already said that three soldiers have died in four ambushes with the rebels since the Communist panel pulled out of the peace talks, even though the ceasefire is technically still in place.

Turkey cuts interest rates

BY DAVID BARCHARD IN ANKARA

THE TURKISH Central Bank has pruned interest rates for the third time in six months. Rates for one year deposits have now fallen from 55 per cent a year ago to 43 per cent as from Monday. Three month deposits have dropped from 45 per cent to 35 per cent.

Turkish industrialists have been complaining for several years about the high cost of funds. Though there is competition on borrowing rates with only deposit rates being fixed by the Government, there is an average 30 per cent margin between what banks pay to depositors and what they charge to borrowers.

The latest reductoins in interest rates come as the Central Bank is launching new financial instruments, which it hopes will make funds available to industry more cheaply than the banks have done up till now.

Banks have justified their high rates to borrowers with claims that they need to pay off non-performing loans from industries, which in some cases make up more than 20 per cent of their portfolios.

However some economists fear that the low interest rates will stimulate excess demand in the economy. An IMF delegation to Turkey last autumn is believed to have recommended that no further cuts in interest rates be made for the moment.

In the fourth of a series, **Hugo Dixon** looks at the effects of Big Bang on stock market services

Institutional investors ride easy on back of the bull

INSTITUTIONAL investors seem to have had it all their own way since Big Bang. Commissions have come down, the jobber's turn has been reduced and there are few signs of poorer research or conflicts of interest.

However, almost every institution will point out that 100 days' experience is not much to go on, particularly when the time has been marked by high volumes and a bull market. Wait for the bear market and then see service deteriorate, they say.

The two main elements of Big Bang, introduced to spur on competition in the stock market, were the abolition of fixed commissions and the abandonment of dual capacity, which prevented stockbrokers and jobbers from being part of the same firm.

They have had, broadly, the predicted results. As brokers competed for institutions' business, commission rates for the largest institutions have fallen from about 0.35 per cent pre-Big Bang to 0.2 per cent now. Medium-sized institutions, those managing less than £5bn in funds, seem to be paying about 0.25 per cent.

The uniformity of the rates now being charged has raised suspicions that the old ways of the monopoly have not been entirely banished. Mr Hugh Jenkins, deputy chairman of Allied Dunbar Unit Trusts, which manages £5.1bn in funds, says: "We're down at what virtually looks like cartel levels."

Most institutional users of the market insist that the deals they have struck with brokers will be reviewed over the next few months or so. Mr Mick Newmarch, chief executive of Prudential Portfolio Managers, the largest institutional investor with £22bn under management, believes that commissions will then fall even further.

Institutions also expect deals to be more formalised with brokers agreeing to lower commissions provided a certain volume of business is put through them. Thus, institutions will concentrate their business with fewer brokers.

So far, there does not seem to have been many deals which have formally traded commission against volume, though Mr Jenkins of Allied Dunbar says he has informal understandings. He has therefore concentrated business on six brokers and speaks of the others "withering on the vine."

Other fund managers agree that the number of brokers with which they deal has shrunk. Mr David Barker, managing director of Hill Samuel Investment Management, which looks after £9bn in funds, says: "The trend is downwards in numbers of brokers." He adds, however,

that it has not gone as far or as fast as he would have expected.

The abolition of fixed commissions has also led to the disappearance of "continuation," the practice whereby several small deals were treated as one large one, with lower commissions.

The abandonment of dual capacity has had two effects: institutional investors now deal directly with market makers; and competition between more market makers has reduced the spreads they charge—the jobber's turn.

Not all institutions have had the same experience. Broadly speaking, the merchant banks and the largest pension funds seem to be dealing directly or "net" of commission—as opposed to smaller institutions.

Mercury Asset Management, for example, which manages funds worth £17bn, is dealing net almost 90 per cent of the time; Hill Samuel Investment Management 60 per cent of the time and Prudential Portfolio Managers 55 per cent of the time. At the other end of the spectrum, Allied Dunbar is doing only 20 per cent net and M&G Investment Management, the unit trust group, still deals through brokers more than 90 per cent of the time.

The simplest explanation is that larger firms have larger bargains and more specialist staff. They can therefore get better rates from dealing net and are less likely to need the advice of a broker.

M&G Investment Management, in common with other medium-sized fund managers, usually puts only the largest deals through a market maker. Mr Paddy Lineker, its managing director, says sometimes a broker can shave enough off the price of a share to compensate for the commission paid.

M&G's investment department is also not set up to deal directly with market makers. Its employees are used to speaking to analysts and brokers, whereas, for example, Mercury Asset Management has always had a large dealing room.

The reduction in the jobber's turn has been enjoyed by all but, again, the largest institutions seem to have made the most out of it. A type of deal, the basket trade, sometimes confusingly known as a programme trade, has sprung up in London.

Under this, an institution will ask a market maker what price he will give for a basket of shares in different companies. The fund manager does not name the individual companies but says how many are blue-chip companies, which economic sector they are in, and what their present market value is.

The market maker then quotes a firm price for the whole bundle without knowing precisely what he is getting. Only packages with a total value of more than £25m can be traded in this way, but then the price paid is often close if not spot on the middle-market rate.

One of the casualties of Big Bang was expected to be research. If brokers' commissions and the amount of business done net of commission shrank, it was asked, how could stockbrokers afford to run their research departments?

A hundred days' experience gives only a few thoughts towards a possible answer. The first is that institutions that put the least business through brokers, mostly the merchant banks, do not get the same service.

Mercury Asset Management says: "We detect we may be a little lower down the list brokers and analysts call." Mr Barker, of Hill Samuel Investment Management, also admits he is a little worried about his firm losing out on research and it is therefore dealing net less than it was immediately after Big Bang.

Moreover, he thinks that in future it will have to direct its business to brokers in proportion to the usefulness of their research. "We have no wish to drive brokers out of business."

The second thought is that the other institutions receive a better service by default. The Prudential, for example, which says it is happy to pay some commission, reports that the "quality of timely research is better not worse."

The third is that, in the long run, research departments may start to shrink and in that case institutional investors will have to rely much more on their own in-house researchers.

Another worry was that, by abolishing dual capacity, a host of conflicts of interest would be unleashed. Brokers would not give dispassionate advice but encourage their clients to buy stock that their jobbing halves were anxious to get off their books.

So far, institutions do not seem to have found conflicts of interest a great problem. Mr Jenkins says: "We have always had a healthy cynicism."

Monday: the debate on regulation.

Margam mine go-ahead hinges on conditions

BY MAURICE SAMUELSON

BRITISH COAL is to develop a £90m mine in South Wales, employing 800 miners, on condition that the National Union of *Mineworkers agrees to produce* there for six days a week, and that it wins financial backing from the Government and the European Community.

The pit at Margam, near Port Talbot steelworks, would be on the last big deposit of top-grade coking coal in Western Europe, and the biggest investment in the South Wales coalfield.

British Coal will seek early talks with unions about what will be regarded as a departure from the tradition introduced at the time of nationalisation that pits should produce coal only five days a week.

The industry will expect a similar change at the £450m Midlands "super-pit" for which it intends to seek outline planning permission in June or July.

The mine, to be at Hawkhurst Moor, near Coventry, will develop the coal in the south Warwickshire prospect, employing 1,800 miners and creating 700 construction jobs.

The Margam decision was warmly *greeted in the South* Wales coalfield, where the number of pits has been cut from 28 to 14 since before the miners' strike, and the workforce reduced from 21,000 to 11,500.

Mr Kim Howells, research officer of the South Wales NUM, said: "It's marvellous news, which is long overdue. It has come, too, at a very important time for the private contractors."

Government reactions to the request for grants, however, are less auspicious.

In view of its strong financial improvement, British Coal says it deserves the same access to regional development aid as any private concern investing in an unemployment blackspot.

It also seeks it on the grounds of coking coal's vulnerability to *changing currency rates.*

Sir Robert Haslam, British Coal chairman, who was previously at British Steel, has yet to convince ministers of the strength of his case. Whitehall officials say that currency risks can be reduced if British Coal finances the scheme in dollars.

Less difficulty is expected from the European Coal and Steel Community, from which British Coal seeks low-interest loans.

The low-sulphur Margam coal is in the prized medium-volatile range, making it suitable for power stations as well as the steel industry.

With six-day "coaling" and suitable financial arrangements, British Coal says, it will compete effectively with imports by the steel industry, mainly *from* Australia, the US and Poland.

British Steel, which imports 6m tonnes of its 8m-tonnes-a-year consumption, said last night: "As and when the *Margam coal becomes available* in five years, we shall assess its potential in price and quality at the time."

The pit will be designed to produce 1.2m tonnes a year, *of which British Coal hopes* about 900,000 tonnes will go to the steelworks.

Recent forecasts have suggested that real prices of coking coal will stay depressed for 10 *years, and that even when steel* production grows, less fuel will be needed because of changing technology.

Nevertheless, some analysts say that the market may firm again in the early 1990s because some overseas producers are exporting at a loss and risk going out of business.

The first plans to develop the Margram reserves were tabled 30 years ago and were originally on a much more ambitious scale involving sinking of two shafts to get at several seams.

The latest scheme, proposed just before the miners' strke, *will use a sloping drift mine to* get at the rich Gellideg seam.

Epson hits out at EEC dumping proposal

By David Thomas

EPSON, the Japanese printer and personal computer manufacturer, yesterday fiercely attacked an EEC initiative to extend anti-dumping duties to products made in Europe which have a lot of imported components.

It made the attack as it announced its first UK factory, to make printers at Telford, Shropshire. It will probably later make personal computers, a product not yet made by *Japanese companies in the UK.*

The Telford factory will make 8,000 dot matrix printers a month from May, increasing to 30,000 printers a month from April 1988, when Epson will move on to a larger site. More than half will be exported to the Continent.

Initial investment will be £5m, possibly increasing to £11m after three years. About *100 workers will be employed at* the first site, building up to 250 by 1989.

Epson, part of the Seiko Epson group, claims to lead the UK market in both printers and portable computers. *It also sells* desk-top personal computers in Britain.

Mr Ichiro Hattori, Seiko Epson president, disclosed that Epson hoped to make personal computers and other types of printers at Telford eventually.

Epson would probably make desktop IBM-compatible personal computers there, though it might instead made portable computers or word processors, depending on how the market developed, Mr Hattori said.

However, Epson attacked the European Commission idea, to impose anti-dumping duties on components in European-assembled products, themselves subject to duties, which have a high percentage of imported components.

Mr Hattori said Epson's decision to make further products at Telford could be affected by anti-dumping dutise on components, depending on their rate and timing.

Mr Don Pinchbeck, Epson's UK general manager, said: "I hope the EEC lawmakers will remember that if you kick your investors in the groin, they can't crawl so fast — and eventually may even go away."

Epson said that at first more than a quarter of the components in its Telford printers would came from the UK, mainly plastic and metal parts, *but it hoped to increase that,* including to cover electronic components.

Lord Northfield, chairman of the Telford Development Corporation, which has helped attract several Japanese companies to the UK, also attacked the Commission proposal.

COMMONS DEBATE ON HUMAN RIGHTS

'Bill would thrust judges into politics'

BY TOM LYNCH

THE IMPARITALITY of judges would be called into question, and they would be forced into making political decisions, if the European Convention on Human Rights was incorporated into British law, Sir Patrick Mayhew, the Solicitor-*General, told the Commons* yesterday.

Sir Patrick led the argument on behalf of the Government against a private member's Bill sponsored, with cross-party support, by Sir Edward Gardner (C., Fylde).

The arguments over the human rights bill crossed party lines, and its supporters on both sides of the house insisted that those seeking justice under the *convention should be able to* find it in a British court rather than suffer the extra delays and expense of appealing to the European Court of Human Rights in Strasbourg.

Sir Patrick said the convention was a series of widely-drawn principles which were not appropriate for incorporation in law, and which carried exceptions on grounds such as national security, public safety and the "economic health" of a country.

He maintained that to ask judges to rule in such controversial areas would leave them open to charges of making

Sir Patrick Mayhew: delays and expense

Sir Edward Gardner: *sponsoring pro-convention bill*

political judgments, and lead to judicial appointments becoming a matter of political interest.

"*We have to take great care* not to propel the judges into the political arena," he told MPs. "That's what we would do if we asked them to take policy decisions we ought to take ourselves. It would be worse if we require or permit them to alter or even reverse decisions taken by ourselves in parliament."

Both Sir Patrick and Mr Nicholas Brown, who spoke from the Labour front bench, said British citizens were well protected in the field of human rights.

Mr Brown said the main value of the convention was as an international code of principles. Its incorporation into British law would be unworkable, and he feared that policy decisions would be taken by judges, who were drawn from *a narrow* social base and not elected or otherwise politically accountable.

Sir Edward said the rights under the convention "are rights we *all recognise* as being fundamental to our lives. They are rights that shape society and guarantee our freedoms. They are rights with which we have lived throughout the centuries.

"We have a convention giving us rights, therefore there should be no impediment to our ability to enjoy those rights."

He said it was neither logical nor *sensible to applaud the* rights contained in the convention while arguing against making it easier for people to have access to them.

Challenged by Mr Tony Marlow *(C.,* Northampton North) an opponent of the bill, as to whether it was right for a major political decision to be made by a court rather than by Parliament, Sir Edward said the sovereignty of Parliament would not be impaired.

It could *repeal any part of* the bill or denounce the whole convention.

Mr David Steel, the Liberal leader, supported the bill as a means of redressing the balance *between* the individual and the increasingly complex and far reaching activities of government.

Mr Austin Mitchell (Lab, Great Grimsby), one of the sponsors of the bill, told MPs: "Freedom implies the ability to operate rights ourselves, not just the concession of rights."

The bill would strengthen the citizen against the executive.

Both he and Mr Tam Dalyell (Lab, Linlithgow) *said that the* operation of the bill would have prevented the special branch raid on the BBC Scotland headquarters last weekend.

Mr Leon Brittan, the former *Cabinet minister,* who also supported the bill, rebuked them for bringing current controversy into the debate.

The supporters of the bill narrowly failed to persuade the necessary 100 MPs to support a technical motion to close the debate, in which 94, mainly Conservatives, backed the motion; and the bill failed to make further progress.

BBC raid 'not authorised' by Downing St

BY TOM LYNCH

THE SECURITY services were not involved in the decision to raid the BBC Scotland headquarters in Glasgow last weekend, and the Crown Office which directs the prosecution service in Scotland, had no contact with Downing Street over the raid, Sir Patrick Mayhew, the Solicitor General, told the Commons yesterday.

He was replying to allegations by Mr Tam Dalyell (Lab Linlithgow), who claimed that Strathclyde police officers had asked precise questions about ministerial authority for "what they saw as a mind-boggling act." They had been given a clear understanding that it was authorised from Downing Street.

Mr Dalyell said the Crown Office "alarmed at the enormity of what it was being asked to do" in preparing the applications for search warrants, made a direct approach to Downing St. The Crown Office and Lord Cameron of Lochbroom, the Lord Advocate, "were told what was expected of them, to allow Special Branch to take anything and everything from the offices of BBC Scotland."

He said they were given guidance by Downing St and by Mr Bernard Sheldon, the MI5 lawyer.

Mr Dalyell dismissed claims by the Prime Minister that she did not know about the raid. "For her to claim that massive entry to the BBC was purely a police matter is equivalent to a *claim* by Henry II that the murder of St Thomas a-Beckett was purely a matter for the four knights," he said.

Sir Patrick emphatically stated that neither Mr Sheldon nor the security services "had had any involvement whatsoever in any decisions or actions relating to this matter. At no time was the Crown Office in communication with the Prime Minister's office."

Sir Patrick delivered a sharp rebuke to Mr Dalyell for his attack on Mr Sheldon who, he said, had a right to expect that he would not be attacked unfairly by MPs under the cover of parliamentary privilege.

Sir Patrick said claims that the Zircon spy satellite project had become public knowledge two years ago through a newsletter called Interspace would "*be the subject of* consideration."

MRS THATCHER yesterday *became the longest-serving* post-war Prime Minister, beating Lord Wilson's record of seven years 278 days. But this was in two spells, while Mrs Thatcher has served continuously, writes Peter Riddell.

The anniversary, on President Reagan's 76th birthday, was apparently not being celebrated in Downing Street, where Mrs Thatcher was officially said to be working all day, particularly on her speech to the Young Conservative conference in Scarborough this afternoon.

Her period in office has been exceeded this century only by Asquith, who served continuously for eight years 243 days, and by Churchill, with *eight* years 238 days in two spells.

Bank plans £800m gilts sale

By Janet Bush

THE Bank of England yesterday announced the *sale* by tender of a £800m tap of new gilt-edged stock with the largest slice due to be paid next financial year. This suggests the authorities' funding programme *this year, if not* already complete, is extremely light.

The Bank has already been buying in stocks due for redemption next year, effectively part of its funding programme in 1987-88, but this is the first slice of funding through the tap system of next year's Public Sector Borrowing Requirement.

Only 25 per cent of the 9 per cent Treasury stock 2008 is payable at tender next Wednesday with the balance due on April 6. The stock has the attraction of being tax-free to residents abroad.

The Bank set a minimum tender price of £94.50 per cent, implying a gross redemption yield of 9.6 per cent. Initial market reaction to the stock suggested that this matched current levels.

The market has performed relatively wel in the past week. A combination of a steady sterling exchange rate, speculation about a cut in base lending rates at about Budget time and an extremely comfortable funding position helped long-dated yields to drop below the 10 per *cent* barrier.

First corporate plan to boost north-east unveiled

BY RALPH ATKINS

THE NORTHERN Development Company, set up last March to encourage investment in the north-east, yesterday presented its first corporate plan to the Government.

Six directors of the company met Mr Paul Channon, the Trade and Industry Secretary, Mr Kenneth Clarke, Paymaster General who has responsibility for employment in the Commons, Mr Giles Shaw, Minister of State at the Department of Trade and Industry, and the permanent secretaries from the education and environment departments.

The company, established by local authorities, trade unions and private businesses, hopes the Government will help fund domestic and foreign-based schemes to promote investment in the north-east.

Yesterday's meeting was described as cordial.

Mr Jim Gardner, acting chief executive for the company, said: "The Government team was impressed with the willingness of the company to work together with cohesion and without bureaucracy for the future economic good of the north England region."

The Government's response is expected in a few weeks.

Last week the North of England Development Council, a public body for encouraging regional development, was incorporated into the company. The council has been allocated a government grant of £868,000 for the 1986-87 financial year. The Northern Development Company hopes this will be increased to at least £1.2m for 1987-88.

OBITUARY

'Pip' Greenwell: broker dies after long illness

MR Philip "Pip" Greenwell, for many years senior partner at W. Greenwell, the stockbroker, until his retirement in 1980, died yesterday aged 61. He had been *seriously ill for* the past year.

The family firm was started in the late 19th century. It was taken over by Samuel Montagu, which is wholly owned by the Midland Bank, in April of last year and known since then as Greenwell Montagu.

Mr Greewell, a well-known *and well-liked City figure,* was appointed a director on a part-time basis, of John Barkshire's Mercantile House for two years after retiring.

More sites for gypsies needed

By Paul Cheeseright

ABOUT 3,000 gypsy families are without authorised sites for their caravans, Mr Nicholas Ridley, Environment Secretary, said yesterday, but the Government does not propose any changes to the law on provision of sites.

There was no practical alternative to the present system within which local authorities were obliged to designate sites for gypsies, Mr Ridley said. He recognised that more sites were needed inspite of recent increases.

The Government's priority was to obtain better information on *the number of gypsies to* provide better targets for site provision.

Mr Ridley saw little scope for improving the system of grants made to local authorities to provide sites. *Grants already meet* 100 per cent of the costs. Budgeted expenditure during the current financial year was £5m.

Insurance commission code move

By Nick Bunker

INSURANCE companies have agreed in principle to change their code of practice on selling non-life insurance to provide for disclosure of commissions received by intermediaries.

The move by the Association of British Insurers, which represents 420 companies, follows consultation with the National Consumer Council and the Consumers' Association.

The ABI last summer began a series of bilateral talks with consumer groups and trade bodies including Lloyd's of London, following a request from the Trade and Industry Department.

***The DTI last spring* asked the ABI to work towards building consensus support for new rules for the non-statutory regulation of general insurance intermediaries.**

The ABI made seven main proposals for change in a position paper published last June. They included a requirement *to* make intermediaries disclose to consumers whether they were fully independent.

It has made two main modifications arising from the bilateral talks: a new mechanism to monitor the revised *system will include an independent* element to represent consumers: and the revised system will be widely publicised to consumers.

Charges against City broker revealed

BY CHRIS SHERWELL IN MELBOURNE

THE FIRST public details have emerged of charges being levelled in Australia against Alexanders Laing and Cruickshank, the London stockbroking firm, by the National Companies and Securities Commission, the country's share market watchdog.

The much-publicised case focuses on a declaration by the commission that share purchases by Alexanders last December in Humes, a Melbourne building materials company, were "*unacceptable.*"

The case is seen as important to the reputation of both Alexanders and APA Holdings, An Australian company which has been bidding for Humes.

Until yesterday there had been no public indication of the commission's reasons for its declaration, which was made in January following a private inquiry. But in the Victorian Supreme Court it emerged that the commission was accusing the London broking firm of acting in concert with APA in the share purchases.

The revelation came from Mr Justice Beach, who said the commission also believed that the beneficial ownership of the 13.9m shares, amounting to 8 per cent of Humes, could lie with APA. Both Alexanders and APA have denied the allegations.

The judge's disclosure was the first public hint of the commission's findings, and it *came when he gave a ruling* which allowed APA and Alexanders' Australian associate, May Mellor Laing and Cruickshank, to be party to the court proceedings now under way.

On Thursday, in the Supreme Court, another hint of the commission's suspicions emerged when its lawyer accused Alexanders of having perjured itself during the commission's inquiry, and of refusing to co-operate with the commission. Alexanders says the commission had shown bias in its inquiry.

The proceedings have become a legal minefield, with numerous suits, counter-suits and cross-suits. But all spring from a share-buying spree of *May Mellor Laing and Cruickshank* on December 2 on behalf of Alexanders.

Japanese company in £100m Scots plan

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

KUMAGAI GUMI, a Japanese construction company, plans a big redevelopment project for a 12-acre site near the centre of Glasgow.

In partnership with Bellhouse and Joseph, a development company it has agreed the *outline plans for the scheme* with the Scottish Development Agency, the government-funded body which has a leading role in Glasgow's regeneration.

Although no formal approach *has yet* been made to Glasgow district council, the council will meet the developers and the SDA in about ten days.

The plan is to build 750,000 square feet of office space, 75,000 square feet of retail space, as well as a hotel, in the Broomielaw area of the city, close to the central station

The developers, who have formed a company, Glasgow and Oriental, already own more *than half the land on the site,* presently occupied by offices and decaying warehouses.

The proposed development, which could involve an investment of about £100m, will mark another important stage in the regeneration of central Glasgow. A number of large scale development schemes are being implemented.

The SDA is keen to attract company headquarters to the city which, according to estate agents Richard Ellis, suffers from a serious shortage *of* top quality office space.

Glasgow district council said yesterday it was too early to *say whether the proposals* would meet the council's ideas about land use in the centre of the city, but the council was keen to promote the area's regeneration.

Kumagai Gumi is *known* to be keen to build up a presence in the UK. It is involved in important office development projects in the City of London.

Head of Audit Commission

By Richard Evans

THE SUCCESSOR to Mr John Banham as controller of the Audit Commisison is to be Mr Howard Davies, a senior consultant with McKinsey, a management consultancy. He will take up the post next month.

Mr Davies, 35, is an unexpected choice to run the commission, an independent body set up in 1983 to act as a watchdog on local government spending in England and Wales and promote economy and efficiency.

He was a member of the diplomatic service from 1973 to 1976, serving as private secretary to the ambassador in Paris. In 1976 he transferred to the Treasury, working on policy issues. He has been with *McKinsey since 1982.*

Mr Banham takes over from Sir Terence Beckett as director-general of the Confederation of British Industry in the spring.

Saying Hi! to the Dutch and bye-bye to the Redcoats

David Churchill on the transformation of Britain's holiday camps

THE DUTCH are preparing to invade Sherwood Forest this summer and in the process, may radically alter the way millions of Britons take their annual holiday at home.

Center Parcs, the UK offshoot of the Dutch holiday village company *Sporthuis Centrum,* is opening its first £32m holiday centre in the UK in 450 acres of Sherwood Forest.

The company hopes to recreate its successful up-market holiday formula in the UK by offering year-round sports and entertainment facilities to young families with aspirations for better leisure facilities.

Mr Tom Flynn, managing director of Center Parcs in the UK, said "We are aiming at the British holidaymaker who wants something more sophisticated than the traditional holiday camp. We are as different to holiday camps as Concorde is to a bicycle."

Looking anxiously at the success or failure of Center Parcs are Britain's traditional operators of what were called holiday camps, but are euphemistically referred to now as "centres."

Butlins, Pontins, and Warners are in the middle of a fierce marketing drive to dispel the Hi-De-Hi! image of holiday camps and are investing heavily *to re-vamp their centres to woo* back the British holidaymaker.

Since Christmas the holiday centre operators have spent millions on advertising to put across the message that times are changing.

Trade estimates suggest that the numbers of holiday camp customers have fallen by a fifth since the late 1970s to reach about 3m a year.

The surge in foreign package *tour holidays had given the* C2DE socio-economic groups, the main target group for the holiday centre operators, a taste of superior accommodation and other facilities at prices not far above those being paid for fairly spartan accommodation in camps which had hardly changed for decades.

Rising consumer aspirations put the traditional holiday camps in a poor light and drew attention to the lack of real investment in improving facilities.

Hi-de-Hi's rumbustious comedy was too accurate for comfort and some holiday camp *operators were even* contemplating sueing the BBC for loss of earnings caused by the programme.

However, the programme could not be made the scapegoat for long. The missing holidaymakers could be wooed back only by significant investment to upgrade facilities to the standards expected from a holiday in the late 1980s.

The Rank Organisation, which *had acquired Butlins in 1972* but left it alone during the 1970s when it was turning in steady profits, initially responded to the slump in Butlin's fortunes by closing down two centres: at Clacton and Filey.

But it soon became obvious that a more positive approach was needed with the five remaining camps, which had between them a total capacity of nearly 35,000 beds a night, making it Britain's biggest hotel operation.

Last year Rank made a £10m transformation of its Minehead camp into Somerwest World, followed by a £40m investment this year with the revamping of the Skegness camp into Funcoast World, and the Bognor Regis site into Southcoast World. Investment of at least another £60m is planned over the next few years to transform these and the remaining two centres.

Mr Jim Henderson, Butlin's managing director, says: "Our strategy is not only to offer prices lower than package tour *holidays overseas, but also to* provide an entertainment package for the family."

A family of four would pay £270 on average for a two-week self-catering holiday at Butlins, compared with several hundred pounds for a two-week foreign holiday for four.

Mr Henderson believes that the traditional Butlin customer will not be alienated by the changes. But Butlins will be *seeking a new generation of* families with children wanting a value-for-money holiday, sometimes in addition to a foreign package tour.

The evidence so far with the *new Somerset World centre* suggests that Butlins is on the right track, with revenue last year 50 per cent higher than 1985.

But Butlins is facing stiff competition from its rivals. Pontins, owned by the Bass brewing group, is also spending £10m this year to upgrade its camps.

Traditionally Pontins has adopted a different strategy *from Butlins, preferring to concentrate* on more camps (25 to Butlins' five), but with smaller numbers of holidaymakers at each. Its biggest camp, with 4,000 or so customers, is still significantly smaller than Butlins, which starts at 5,000 or so beds.

Pontins, moreover, seeks to offer a more informal style of holiday compared with Butlins' emphasis on large-scale entertainments. *It also offers special-*interest holiday packages, ranging from archery to photography.

Warners, the third largest operator, is also upgrading its facilities and image as part of Mecca Leisure, the management buy-out from Grand Metro-*politan.*

Warners' strategy is to offer a more intimate style of family holiday at its 10 centres which have only up to 700 guests staying at any one time. Mr Robert Mackenzie, marketing director of Warners, says: "We are spending some £5m on upgrading our leisure facilities which, in relation to the number of guests, is significantly more per head than other operators."

But will such investment be enough to keep the interest of the British holidaymaker lured by foreign package trips, and after the novelty of new swimming pools and leisure facilities has worn off?

It is clearly no longer fair to equate holiday camps with their Hi-De-Hi! image, but it may yet take the Dutch invasion of Sherwood Forest to point the way up-market to their future in the 1990s.

ECONOMIC DIARY

TOMORROW: Labour local government conference in Leeds. *Mr George Younger,* Defence Secretary, starts official visit to Saudi Arabia on military co-operation with Britain.

MONDAY: Credit business (December). Retail sales (December—final). Producer price index numbers (January—provisional). EEC Finance Ministers meet in Brussels. EEC Agriculture Ministers start two-day meeting in *Brussels.* EEC Foreign Ministers meet Latin American leaders in Guatemala. BIS monthly meeting in Basle.

TUESDAY: National Farmers' Union annual conference at Kensington Town Hall, WS (until February 11). World Sikh meeting in Amritsar. First publication of the "London Daily News."

WEDNESDAY: Dealings commence in British Airways Holdings shares. *Commons* motion on Abolition of Domestic Rates (Scotland) Bill.

THURSDAY: Provisional figures of vehicle production. Labour market statistics: unemployment and unfilled vacancies (January—provisional); average earnings indices (December—provisional); employment, hours, productivity and unit wage costs, industrial disputes. Financing of the CGBR (fourth quarter). UK banking sector statistics (fourth quarter). Money stock (fourth quarter). EEC Budget Council meets in Brussels.

FRIDAY: Tax and price index (January). Usable steel production. Retail prices index (January). CBI/FT survey of distributive trades (end January). Building Societies' monthly figures (January). Informal meeting of the EEC Environment Ministers in Brussels.

Charterhouse to open Edinburgh office

CHARTERHOUSE *Tilney, the* stockbroking subsidiary of Charterhouse, the Royal Bank of Scotland's investment banking arm, is to open an office in Edinburgh as part of its plan to widen its geographic coverage.

Managers seek buy-out at Leyland South Africa

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE MANAGERS of the Rover Group's wholly-owned South African subsidiary want to buy their company, which builds Leyland trucks and buses and Land Rovers as well as having several retail outlets and service centres.

State-owned Rover said yesterday it would hold discussions with Hill Samuel, its merchant banker and the South African management team "to explore the proposal's feasibility."

Rover stressed the initiative had come from the South African management and a decision would be made on commercial, not political, grounds.

The subsidiary, Leyland South Africa, also announced yesterday, a restructuring programme in view of the extremely depressed state of the local vehicle markets.

It will rationalise its truck range to concentrate on the heavy end. This will involve unspecified redundancies among the 635 employees, 140 of whom are black.

LSA has lost money for some years but Rover in London yesterday was unable to give any details.

The management buy-out initiative has been taken by Mr John Dean, the South African finance director, backed by several South African non-executive directors. Mr Brian Fuller, the British managing director due to return to the UK from his secondment to the company in a few months, is not involved.

LSA owns two sites; one at Elandsfontein, near Johannesburg, the headquarters and workshops of the truck and bus division, and the other at Blackheath on the outskirts of Cape Town where trucks, buses and Land Rovers are assembled and there is a spare parts centre.

The South African company has existed for 75 years and the Leyland and the British Motor Corporation, which formed the nucleus of the Rover Group, used to have a significant market presence.

However, no Rover Group cars have been assembled there for four years and a sub-contract arrangement to build Renault cars ended 12 months ago.

Last year, the UK company shipped out 32 truck kits and 240 Land Rover kits to the South African subsidiary which sold 789 commercial vehicles in a total market of about 7,000.

If a buy-out is arranged, the South African subsidiary would join a list which includes Jaguar and Leyland Bus, already sold, and Unipart (spare parts), JRA (the Australian subsidiary), Istel (computer services), Llanelli Radiator (components), which are being sold off. Leyland Trucks is also likely to be sold but Mr Graham Day, Rover chairman, has indicated that a joint venture proposal is another option for the truck company.

Day defends funding for Rover

BY OUR MOTOR INDUSTRY CORRESPONDENT

THE STATE-OWNED Rover Group injects nearly £4bn a year into the economy and thus puts back each year double the total amount of public funding it received from 1975 to 1983 when it was called BL or British Leyland, said Mr Graham Day, the chairman, yesterday.

Mr Day, who is committed to polishing the group's image, said Rover was an example of industrial renewal and advancement which many countries would applaud and take pride in.

While it was true that the process would not have been possible without £2.3bn from the taxpayers, the company contributed to the economy by spending £2.38bn each year with 2,000 British companies for goods and services.

Rover also earns £800m a year from direct exports, out of annual overseas sales worth £1bn.

Graham Day: boost for economy

Mr Day said that, unlike Ford and General Motors, the Vauxhall group, which had deficits on their UK balance of trade totalling £1.5bn, Rover had a balance-of-trade surplus of about £500m a year.

Speaking at the Coventry Centre of the Institution of Mechanical Engineers, Mr Day said: "I believe whichever way you look at the contribution of the Rover Group in employment terms, in economic benefit, in having a UK-owned player in a strategic industry, there are a hell of a lot more benefits than disadvantages."

However, that in itself was no reason for any business to continue. "It has to have a future. It has to be capable of renewing itself, of being competitive, of being profitable.

"I have no political remit from government, but I do have a personal remit for myself and all my colleagues to do all we can to ensure the business achieves those objectives."

Funds boost urged for construction R and D

By Lynton McLain

THE UK construction industry puts fewer resources into research and development than other industries and its main overseas competitors, the Institution of Civil Engineers says in a report on research and development in the industry.

Research and development funding for the construction industry totalled only 0.65 per cent or £146.5m of the industry's output in 1984. About £80m of the total R and D expenditure came from manufacturers, and £58.5m from the public sector. Only £8m was credited to contractors and consultants.

"There can be little doubt that the total level should be increased if the UK is to continue to compete internationally," the institution says

Manufacturers in the construction sector were "market motivated and see R and D as an essential part of the process of product development and marketing. Consultants, contractors and building owners often cannot see a direct benefit to themselves from R and D."

Progress in construction R and D leads to improvement in techniques, not products, says the report. It adds: "As improvements in techniques cannot be patented and such improvements are freely available to all competitors, there is no repayment for such investment. It is solely the client and general public who benefit."

"An increase in effort must be led by the Government and the lead must be clear if industry is to be encouraged to follow with its own increase in contribution.

"This should not be difficult for the Government to accept, as it is unquestionably the largest client for the construction industry. With direct funding, the Government will have greater direction of a coordinated R and D effort which must benefit the national as a whole."

Construction research and development, vols 1-3. Institution of Civil Engineers, 1-7 Great George Street, London SW1P 3AA.

BT engineers' strike likely to go on

BY CHARLES LEADBEATER, LABOUR STAFF

THE STRIKE by 110,000 British Telecom engineers is likely to continue until Wednesday.

The National Communications Union yesterday decided that while negotiations have reached an advanced stage, they have not made enough progress to allow mass meetings called for Sunday to decide on whether to return to work.

The vote on whether to accept a proposed settlement will be made through secret ballots at branch meetings on Wednesday.

Mr John Golding, the NCU's general secretary, said he thought progress in the talks was encouraging and that a settlement was certain.

It is expected that the negotiations will be completed in time for the union's executive to make a recommendation over a return to work when it meets on Sunday.

It is understood an outline agreement has been reached which goes someway towards meeting the engineers' demand that their 1986 pay rise should not be linked to the implementation of productivity measures.

British Telecom said there was still a lot of hard bargaining to be done before a settlement could be reached. But it said any pay sttlement would have to involve the main efficiency measures it has proposed, rather than pay being conditional on their implementation.

The company has insisted on the need to introduce its job repatterning proposals, which would allow engineers and technicians to be deployed more flexibly, and the need for other working practice changes it has put forward.

Union leaders indicated that the company had improved its pay offer, and agreed that some of the efficiency measures should be dropped while others could be phased in over a longer period.

Mr Golding said the settlement would be a compromise which would provoke much argument in the union. But leaders of the union's left wing said they would follow an executive instruction to return to work even if Wednesday's vote is very close.

It is possible that some branches in London may attempt to continue their strike even if the national vote means a return to work.

Prison officers to meet on changes in work practice

BY JIMMY BURNS, LABOUR STAFF

THE PRISON OFFICERS' Association has called a special delegate conference next Tuesday in response to the browing dissatisfaction of its members over plans for extensive changes in working practices.

Mr John Bartell, the union's president, said yesterday that protracted negotiations with the Home Office had failed to get beyond the preliminary stage. Members feared the Government was preparing to impose the changes on the prison service on April 1.

"There is so much rumour and fear," said Mr Bartell. "Either we try and bring our delegates together or else this is going to end in a debacle."

The core of the Government's radical package for the prison service, called Fresh Start, is a proposal to end overtime. The Home Office says the aim is to improve efficiency and cut costs. Overtime in 1985 cost £80m.

The union, however, claims that Fresh Start will involve a drastically reduced workforce of prison officers working longer hours and without adequate compensation in pay.

The prison officers' criticism of Fresh Start coincided yesterday with publication of a report by the union on last year's prison riots, in which Home Office officials are accused of "gross managerial incompetence."

The riots, which destroyed or rendered unusable jails throughout the country, followed on from an overtime ban by the prison officers protesting over the Home Office's plans to cut staffing costs.

Last November a report, by the pressure group Prisoner Reform Trust, in evidence to Sir James Hennessy, the Chief Inspector of Prisons, blamed a small minority of prison officers for inciting the riots.

But yesterday the association accused prison department officials of turning a low-key industrial dispute into a full-blown crisis.

Its report, "It need never have happened," calls for an official inquiry into the handling of the dispute to supplement one already prepared by Sir James.

In a statement last night Lord Caithness, minister with special responsibility for prisons, said he deplored "the apparent intemperate language" in the association's report and the "slur on the professionalism of the service."

University lecturers set for two-year pay deal

BY OUR LABOUR CORRESPONDENT

UNIVERSITY lecturers are set to receive an average 16 per cent pay rise, backdated to last December, under an outline salary restructuring agreement reached between their negotiators and vice-chancellors.

The agreement, yet to be endorsed by the executive committee of the Association of University Teachers, also provides for a further 7 per cent increase in existing pay levels, to take effect in March, 1988.

Details of the provisional two-year pay agreement for 35,500 academic and related staff emerged yesterday ahead of today's meeting of the AUT national council, due to discuss a programme of disruptive action over the salaries issue.

The Government has pledged special funding from contingency reserves. This will take the form of an additional £40m in 1987-88, £56m in 1988-1989 and £71m in 1989-90—the latter figure representing about 10 per cent of the present £686m salary bill.

The vice chancellors, who initially said they could contribute only 8 per cent over two years, have found extra cash so that the agreement of 16 per cent plus 7 per cent falls only slightly short of the figures (18 per cent plus 7 per cent) envisaged before government funding was confirmed.

The AUT council is expected today to defer implementation of the disruptive action, which was planned to include refusal to mark any final examination papers this summer.

Unions 'failed to meet' challenge of technology

THE trade union movement has failed to meet the challenge posed by introduction of new technology, maintains a forthcoming report.

Unions have in almost all cases devoted insufficient resources to technological change, the report says, and have been outmanoeuvred by employers anxious to confine union negotiations to tradtional bargaining areas.

The study concludes: "At a time when new technology so profoundly affects trade unionists, leadership and effective policy-making from trade union leaders is missing."

The report, to be published in the spring issue of the journaw New Technology, Work and Employment, is by Mr Mark Dodgson, research fellow at the Science Policy Research Unit, Sussex University, and Mr Roderick Martin, professor of industrial sociology at Imperial College, London.

The researchers not that many unions, particularly those representing white-collar workers, did draw up new technology policies in the late 1970s and early 1980s — often on the basis of TUC guidelines issued in 1979.

However, the report says, these policies have not been developed in line with technology's rapid advances

By concentrating on "traditional" issues such as pay, job security and health and safety, the unions are said to have missed opportunities to influence the selection and specification of new technology, job design and work organisation.

In part, this is blamed on lack of resources.

Trade union policies on new technology: facing the challenges of the 1980s; New Technology, Work and Employment: Vol 2 No 1 Spring 1987; Basil Blackwell, 108 Cowley Road, Oxford; by subscription.

High Court gives backing to Daily Mail move plan

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

DAILY MAIL and General Trust yesterday received support in the High Court for its plan to emigrate from the UK to the Netherlands for commercial and tax reasons. The Treasury has refused consent to the move.

Mr Justice Macpherson said in the High Court that he doubted whether a section in the 1970 Income and Corporation Taxes Act, requiring Treasury consent for a company wishing to leave the UK, should be allowed to stop a move to a better economic climate in another EEC state.

The company's aim, he said, was not to seek tax evasion or a foreign tax shelter, but to exchange one fiscal system for another. This followed the Treaty of Rome's objectives for removal of barriers and creation of a true common market.

He was giving reasons for a decision he made on Thursday referring to the European Court of Justice in Luxembourg a question on the applicability to the 1970 act provision of article 52 of the treaty, allowing residents of one EEC state the right to establish themselves in another.

The judge said the company wanted to escape some of the more swingeing UK tax provisions; the Revenue wanted to retain a source of tax. Neither of those wishes, said Mr Macpherson, was wrong.

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mm Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk	11	Comm. Bk. N. East	11	Northern Bank Ltd	11
Amro Bank	11	Consolidated Cred	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp	11½	Trustee Savings Bnk	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%, 1-month 7.03% Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69% Mortgage 12¼%.

APPOINTMENTS

Scandinavian Bank chairman

Mr Brian Cooper has been appointed a director of the COALITE GROUP and will join the board on March 1. He is assistant managing director of Hargreaves Group, which he joined from the Bowater Corporation in 1984. Hargreaves was acquired by Coalite in November 1986.

★

Two appointments have been made to the board of AIR UK. They are Mr Stuart Carson and Mr Jim French. Mr Carson, chief accountant to the airline, becomes financial director. Mr French continues as Air UK's general manager, commercial.

★

Mr Alastair Eperon has been appointed to the board of McAVOY WREFORD BAYLEY, having joined from Ogilvy & Mather Corporate Financial.

★

Mr Egil Gade Greve has been appointed chairman of SCANDINAVIAN BANK GROUP. He has been a non-executive director since March 1983 and is managing director and chief executive of Bergen Bank in Norway. He is a past chairman of the Norwegian Wholesalers' Association and is currently chairman of the Norwegian Bankers' Association. Mr Gade Greve succeeds Mr Curt Olsson who has retired from the board.

★

Mr Christopher Gulliver has been appointed managing director of ROBERT ASHBY AND CO. with particular responsibility for the new corporate acquisitions and disposals services. He has been a divisional chairman and managing director of trading companies within two public companies. Mr Jody Chatterjee has been appointed director for marketing.

★

P.P.P. (PRIVATE PATIENTS PLAN) has appointed Dr Harry McNeilly, PPP's executive medical adviser (designate), to the new role of chairman and chief executive of the PPP Medical Centres. The present chairman, Sir Richard Bayliss, has decided to retire after spending five years as chairman developing the centres. The P.P.P. Medical Centres Board will consist of Dr McNeilly, Mr Dick Blaxland in the capacity of a non-executive director with specific experience in finance, and the PPP director operations, Mr David Rose and director central services and company secretary Mr Clifford Grinsted as executive directors to maintain the relationship between the PPP executive, the screening centres and the insurance services.

★

ARTHUR BELL & SONS has appointed Mr Graham Kettle as sales director from March 1. He will take up the functions and responsibilities previously undertaken by Mr Ronnie Weeks who left Bell's on December 31. He joins from Lyons Tetley, where he is sales director.

★

ROBSON RHODES has appointed Mr James Carty as national technical partner in its London office. He was Secretary of the Accounting Standards Committee of the joint accounting bodies between 1974-1980.

★

Mr Anthony Barry, formerly managing director of J. M. Jones (Holdings), has been appointed managing director of MANSELL (WESTMINSTER). He takes over from Mr Peter Murrell, who will oversee and co-ordinate major alterations and redevelopment at the company's headquarters in Croydon and the proposed relocation of the Mansell (City) offices. After a year as joint managing director of Mansell (Croydon), Mr Roger Adcock has been appointed managing director of this subsidiary. The move will allow Mr Eric Lott to concentrate on his duties as deputy group managing director. Mr Ken Baker has been promoted to personnel director after serving two years as personnel controller. The growth of Mansell (Homes) and Mansell (Developments) has resulted in the promotion of Mr Alan Knight from manager to joint managing director of these subsidiary companies.

★

The Lord Morris has been appointed as financial director of MOTORPHONE.

★

Mr T. J. Key has joined HOWSON F. DEVITT & SONS part of the Devitt Group as an assistant director.

★

Ms Pauline Adlam has been appointed director of PLANER PRODUCTS. She is personal assistant to the managing director and holds direct responsibility for personnel affairs.

★

Miss Katherin Howard, director of finance, has been appointed to the newly created post of finance director on the board of HEATHROW AIRPORT.

★

GTE MARKETING SERVICES, the UK arm of the American organisation GTE Directories Corporation has made two management appointments. Mr John Quinney has been appointed director, distributed media and Ms Rosalind Allison-Calvert director, human resources and management development.

★

Mr Paul Manduca, investment manager, has been appointed a director of TR INDUSTRIAL TRUST.

★

Mr Gordon J. Sapstead, managing director of International Commercial Bank, has been elected chairman of the ASSOCIATION OF BRITISH CONSORTIUM BANKS 1987-88. Mr Peter A. Belmont, managing director of Libra Bank, is deputy chairman and other members of the executive committee are Sir John B. Hall, Mr K. Yoshioka, Mr R. C. Davis, and Mr P. J. W. Taplin.

★

Mr Roger Hughes has been appointed chief executive of the IMPERIAL SERVICES GROUP. Mr Hughes also joins the board of C. H. Pearce.

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Saturday February 7 1987

Yearning for discipline

THERE IS something almost emotional about the recovery of the dollar this week. The objective case for a stronger dollar is still decidedly thin. The rise in the leading indicators, which is taken as one proof that depreciation is now working, in fact largely reflects the mere hope that it will work some day soon: Wall Street has put on a strong performance yet again. The improvement in the December trade figures is suggestive, but certainly no more. The rise in US employment is almost entirely outside the manufacturing sector, which stands in the end to gain most from improved competitiveness. All that can be said with confidence about the real US economy is that the balance appears to have stopped getting worse.

However, the markets are not simply looking at economic trends. Increasingly they reflect the pleas from Tokyo and Bonn for a more active political management of the currency markets. The action of the market here is odd by past standards. In the days when rates were managed in good earnest, the official commitment to defend set rates was taken by traders as an opportunity for placing one-way bets against the central banks.

Now, by contrast, they appear positively supportive of any hint of official wishes. They respond to quite modest amounts of intervention: German dollar acquisitions in the last two weeks are only about half the sums that used to accrue in a single day in the closing moments of the Bretton Woods system.

Not even the most eager dealers can have been surprised to hear yesterday that Mr Paul Volcker thinks that the dollar has fallen far enough; he has said the same thing repeatedly. However, the news that Mr James Baker "saw eye to eye" with Mr Volcker was new; he has previously been thought to want yet more depreciation.

The markets are also responding rather more keenly than the facts appear to warrant to any change in political tone on the linked subject of international economic policy co-operation. The Germans have at length cut their interest rates, and there have been no recent speeches defending an unyielding fiscal policy. In Japan Mr Nakasone and his ministers now talk positively about stimulating home demand.

The markets are not usually given to wishful thinking on subjects such as this (though bull markets can be a very different matter). They have good official contacts, and are sensitive to new movements in political thinking; and it does now appear that faith in freely floating exchange rates is going the way of faith in monetarism. The world is much too turbulent to make a return to Bretton Woods disciplines a feasible proposition. However, some looser discipline, on the lines of the target exchange rate zones proposed by the international economist John Williamson does look feasible, and is attracting growing attention.

The experience of the rather tighter European Monetary System shows the attractions. It does not fix rates, nor does it altogether avoid speculative crises. However, it does impose a commitment of member governments which appears to be a good deal more effective in securing compatible economic policies than any amount of talk in committees. As a result of the convergence in economic policy and performance between EMS members, the exchange rate adjustments that are actually needed are relatively infrequent, and very modest.

The performance of the EMS group has hardly been dynamic, but it has been stable. The environment for business planning is much improved, so that growth rates seem less sensitive to changes in government policy. The major worries for businessmen have arisen from outside Europe — the rise of the D-Mark and its associated currencies against the dollar, and even against the yen.

Can the world get there from here, as the Irishman asked? The major difficulty undoubtedly concerns capital movements. The liberalisation of capital through the Euromarkets has been praised by free market advocates, but it was not in fact a deliberate choice: it was a necessity imposed by the need to finance enormous current account imbalances.

The difficulty with capital movements is that while in theory a free market will deliver exchange rates which equate the return on investment in all markets (a capitalist's version of purchasing power parity), this expected return includes a measure of exchange rate risks and trends. Quick adjustments are disruptive, slower ones tend to become self-sustaining and so overshoot.

The hope at the moment seems to be that we may have achieved a pattern of rates near enough to what would be justified by analysis to respond to stabilising treatment. No two experts agree on this assessment, but if the politicians really want stability, they can help. If they can turn some of the rhetoric on policy co-operation into action, the markets are ready to be impressed. If in addition they are prepared to reduce flows through the markets through official borrowing and lending, any target system would be much more manageable. We should be able to see during 1987 how badly the political leaders really want financial stability.

LEBANON

The West should look to Syria

By Edward Mortimer and Nora Boustany

A WEEK ago George Shultz, the US Secretary of State, described Beirut as "like a plague-infested place from the Middle Ages," which had to be "quarantined."

An alternative historical comparison must have been intended by the students of Beirut University College last month when they staged a production of Peter Weiss's play *Marat-Sade*, in which the events of the French revolution are re-enacted by the inmates of a mental asylum, under the direction of the "divine Marquis." Just in case reality should seem to lag behind fiction, four professors at the college — three Americans and an Indian — were kidnapped at gunpoint on the campus only six days later, prompting the US Government to order its few remaining nationals out of the country — and Mr Shultz to make his remark.

The Christians of East Beirut are indignant about the US decision because it affects the whole country, although it is only in Muslim West Beirut that Americans have been kidnapped. The Christian and Muslim areas are now almost completely separate, and in East Beirut something like normal life continues. Intermittent car bombs and bouts of shelling make it hazardous for Lebanese and foreigners alike, but business is booming at restaurants and nightclubs and there is a choice of plays, films and musicals to go to. In West Beirut, *Marat-Sade* was the last attempt at live theatre; and only those desperate with boredom venture out to watch an aged movie in an almost empty cinema.

Only one Western embassy (the Greek), and a dozen from Asian, Eastern bloc and Arab countries still function fully in West Beirut, the Soviet being the biggest and the Iranian probably the most active. The rest of the 51 embassies still open (compared to 91 in Beirut's long-lost heyday) have moved to the Christian sector, from which only a handful of diplomats venture back on occasional heavily guarded trips across the "green line" — as the British ambassador, Mr John Gray, has done twice in the last fortnight in vain attempts to locate Mr Terry Waite.

They cross by an eerily deserted boulevard reserved for VIPs, while the few Lebanese who still live on one side and work on the other have to queue up at three checkpoints in the dangerous southern suburbs, manned successively by the Shi'ite Amal militiamen, the official Lebanese army and the Christian Lebanese Forces. All are within earshot of shells falling unremittingly on the Palestinian refugee camps.

But if Beirut is unsafe for its own citizens, it is even more so for the Palestinians, who have paid dearly for an attempt by the leadership of the Palestine Liberation Organisation (PLO) to use parts of Lebanon as a base on which to build a Palestinian quasi-state in the late 1960s and 1970s.

After the PLO forces were evacuated in August 1982, the Palestinian civilians — many of whom have lived in the camps since they were evicted from their homes in Palestine at the creation of Israel in 1948 — were left to the vengeance of their Christian enemies.

In 1982 it was horror at the fate of the Palestinians massacred in the Sabra and Shatila camps that brought the US Marines back to Beirut, followed by the French and Italians and later a token British contingent. Now ordinary Palestinians are again paying the price for the political pretensions of their leaders. According to the Palestine Red Crescent Society, 1,924 camp residents have been killed, 4,549 wounded and 79,000 displaced in the past three months, and those who remain are pinned down in "poorly ventilated underground shelters with no sanitation."

But their sufferings are the last concerns of President Reagan or Mr Shultz. The ill-starred Multinational Force withdrew in February 1984, four months after 241 American and 55 French soldiers were killed in two explosions — the work of Shi'ite suicide drivers. It will not return.

Lebanon has become a unique case in history: a state condemned to permanent anarchy

The problem for Mr Reagan and Mr Shultz is how to respond to the series of humiliations that Lebanon has inflicted on them—or rather that they have inflicted on themselves in their attempts to deal with Lebanon, and with Iran.

Mr Shultz's remark is open to two interpretations. *One is* that the US is simply seeking to cut its losses. By "quarantining" Lebanon and ordering out US citizens, it protects itself from further infection from the "plague-infested place" and reduces its exposure to further blackmail by hostage-takers.

Yet the central— [illegible] of possible US military action— [illegible] citizens from [illegible] the US frees its hands for retaliation against terrorism by striking targets on Lebanese territory; perhaps even for an attempt to rescue the hostages by force.

In 1980, the Carter Administration's attempt to rescue the hostages in Iran was preceded by a ban on travel to that country and an attempt to persuade the US media to withdraw their correspondents.

It might be seen as cathartic for America to inflict further damage on Lebanon before finally washing her hands of it —even if Mr Shultz's condition that "a lot of people who are fundamentally innocent" should not be harmed is unlikely to be fulfilled. The idea that most of the Lebanese population, even in West or South Beirut, "is *fundamentally innocent*" is probably not one that many Americans would have patience with any longer.

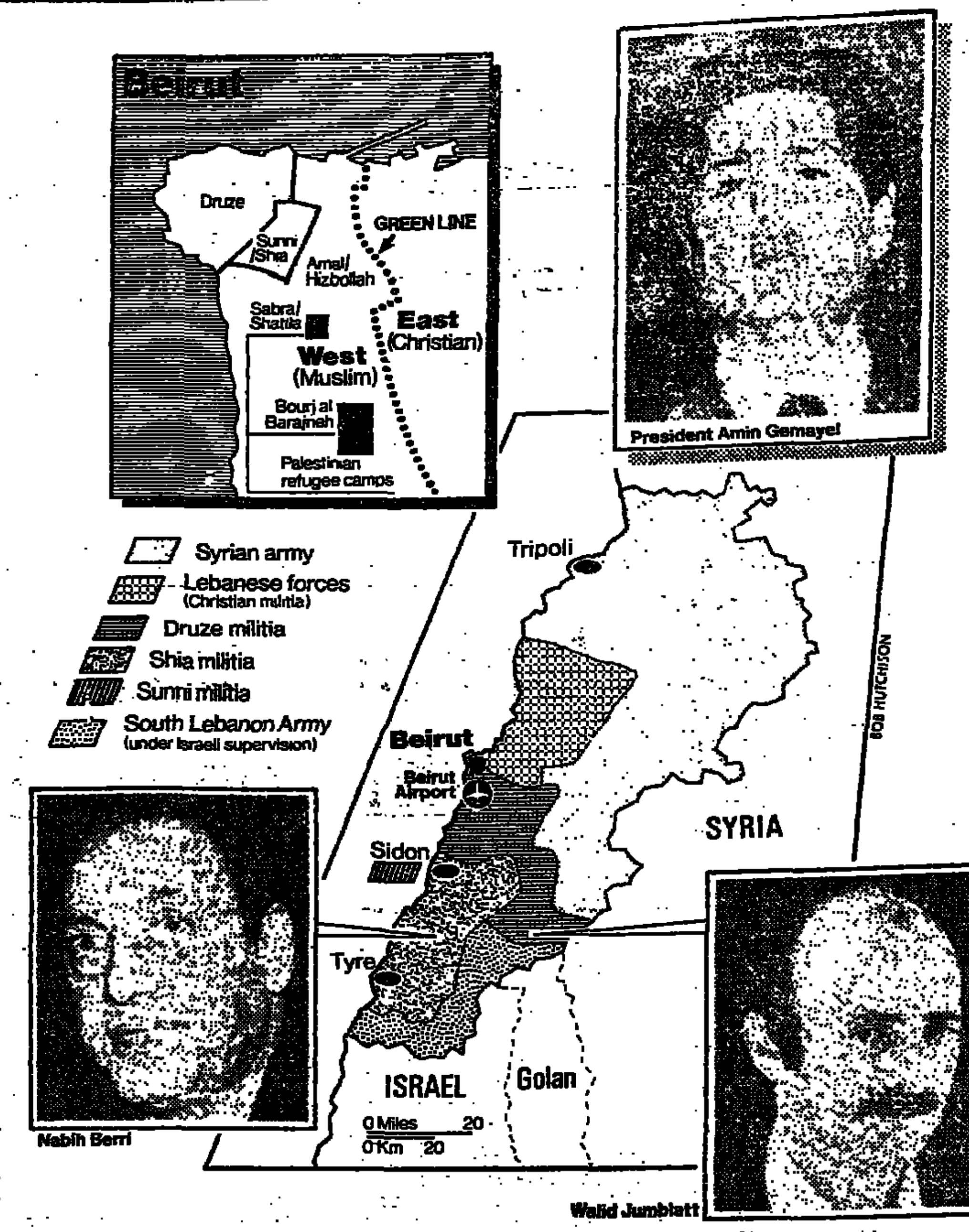
What is clearly dead is the idea that Western military force could be used to help bring about some kind of "solution" of the Lebanese "problem," as was hoped in 1982. The problem, as seen from Western chanceries, has become insoluble. Every external power that has tried to solve it has failed miserably. All are now advised to stay away.

In the winter of 1983-84, Mr Reagan was still claiming that Lebanon was of strategic importance to the US, a vital stake in the East-West conflict. Now, he probably, wishes that the Soviet Union would be so foolish as to get involved there, but knows this is unlikely.

Lebanon has become a unique case in modern history: a state apparently condemned to permanent anarchy. *No doubt* the Lebanese could have prevented this if there had been even a rough consensus among them about national interests. But there was not.

Broadly, while the Christians were determined to assert the interests of Lebanon, as distinct *from those of the wider Arab* world, and to resist the Palestinian challenge to Lebanese sovereignty, the Muslims resented the dominant position of the Christians. In the early stages, they identified their grievances and interests with the Palestinian cause.

Yet it was not Palestinian force but the resistance of the Druze and the Shiites, both



backed by Syria, which defeated the attempt to reimpose Christian hegemony in 1982-84. Since then the Palestinians have found that the Shiites, who control the area around the camps, are no more willing than were the Christians to allow the reconstitution of a Palestinian political and military presence in Lebanon.

A common fear of Syria and *the Shiites has brought PLO and* Christians together in what Shimon Peres, the Israeli Foreign Minister, calls an "unholy alliance." This is even more bizarre when one considers that the PLO is also making common cause with the pro-Iranian Shiite militants of *Hizbollah* (the party of God) against the more secular Syrian-backed Amal. Thus Yassir Arafat, who spends most of his time in the Iraqi capital, Baghdad, is nonetheless benefiting from the support of Iranian proxies in Lebanon. The Lebanese bed of nails can accommodate many strange bedfellows.

Had the Lebanese been left to fight it out among themselves, or only with the Palestinians, either one side would have won by now or the country would have split into two or more self-governing territories. But foreign intervention has made *the former impossible* because, at given moment, the losing side has been able to find foreign backers for another round of the struggle. This has probably dragged out the process of partition for much longer than it would otherwise have taken. Syria, the power best placed to intervene effectively, has been neither able to impose its authority throughout the country nor willing to countenance a complete partition.

Yet the *process of partition* — or cantonisation — is now advanced. The central government is hardly more than a legal fiction. The Druze-held mountains immediately south and east of Beirut, are firmly under the control of Mr Walid Jumblatt's Progressive Socialist Party. The area is relatively peaceful, though idle and impoverished by the loss of its Christian population, driven out from some 70 townships in the short but bloody mountain war of September 1983. Mr Jumblatt in his capacity as Minister of Tourism and Public Works, has linked the Druze villages with a network of new roads. *New ports have burgeoned* under Shi'ite and *Druze* control along the coast between Beirut and Sidon.

The Christian heartland, controlled by the Lebanese Forces, known as marouistan after the predominant Maronite sect, comprising East Beirut and the *coast and mountains* to the north, is similarly self-contained but less harmonious: It is troubled by factional discontent, attributable partly to economic hardship and partly to the suspicions aroused among Christian subjects when President Amin Gemayel behaves as if he really were the President of all the Lebanese.

But the Sunni Muslims, though historically the dominant community in the state's cities (Tripoli, Beirut, Sidon), have not achieved a viable canton of their own, partly for lack of an effective militia. While the Shiites, though they have asserted themselves as dominant in the east and south of the country, as well as in West Beirut and its southern suburbs, have not yet produced an effective political authority.

Three years ago, it seemed that Amal, led by Mr Nabih Berri and backed by Syrians, would provide that authority. But Amal has not yet succeeded in crushing the Palestinians and seems to have been losing ground steadily within the Shia community to its Iranian-backed rivals, the most important of which is *Hizbollah*.

This has happened largely because other external powers — Israel as well as Iran — have been unwilling to leave Syria a free hand. Israel has maintained a security zone in the far south, where it closely supervises *the rule of the South Lebanese Army*. This has provided both *Hizbollah* and the Palestinians with the perfect excuse to continue fighting the Israelis and their surrogates. Any Amal effort to enforce a truce would discredit it with the younger and more militant Shi'ites.

Syria's position is weakening and even Iran probably no longer has full control of the proliferating extremist groups. Western governments may well feel that they have good reason to dislike the Syrian regime and are, therefore, inclined to gloat over its difficulties. Yet it *remains the power most likely to* impose some eventual stability in the Muslim areas of Lebanon.

If there is any constructive long-term policy left for Western powers to adopt towards Lebanon, it must surely be to encourage Syria's efforts and to discourage Iran, Israel and any of the other powers which are putting difficulties in Syria's way.

Woman in the News

Brenda Dean

A time to attack, a time to retreat

By Helen Hague

TO NATIONAL newspaper proprietors and executives, Brenda Dean, general secretary of Sogat 82, has emerged from the year-old Wapping conflict with her reputation for hard-headed pragmatism unscathed.

For many of her members, sacked by News International just over a year ago, her move to extricate the union from one of the most bitter industrial conflicts in post-war Britain is seen as an act of betrayal.

Ms Dean, 43, is the first woman to head a major industrial union in Britain. Although regarded as tough in negotiations, she has made no secret of her underlying belief in realistic manning levels and new technology.

In the traditions of Fleet Street chapels (union branches) the on-the-spot stoppage was the first weapon in local disputes. In the Dean School of Industrial Strategy, it should be the weapon of last resort.

Distaste for Scargill-like mass picketing and the traditions of Fleet Street, with its semi-autonomous chapel fiefdoms, underlines Brenda Dean's perception of her role as Sogat's general secretary.

Her power base is unashamedly provincial. She left Stretford Girls' High School at 16 and worked briefly at a packaging factory. The Sogat father of chapel suggested she might try for a secretarial job at the local union office.

That was how she became an employee of the Manchester branch of the National Union of Printing, Bookbinding and Paper Workers, since absorbed into Sogat.

She was elected as assistant branch secretary in 1972, and began to impress local Labour Party leaders. She subsequently turned down an invitation to apply for a safe seat in the North West—and a job in the Cabinet Office Think Tank in 1976.

In the same year, the sudden death of the Manchester branch secretary produced an unexpected opening. Elected to succeed him, she is remembered for reversing the branches' opposition to new technology. By 1983, she was president of the union, becoming general secretary a year later.

This regional base has been her strong foundation in the Wapping dispute, characterised by bitter splits between the national leadership and the militant London branches, which directly represent the 4,100 Sogat members sacked by News International.

That said, when the sackings were first announced, after a strike vote on a strong leadership recommendation, Ms Dean put her formidable public relations skills to work on behalf of the strikers.

Night after night on television, she pointed to what she called the cold and calculated sacking of 5,500 workers, making sure that clerical workers, cleaners, telephonists and messengers were mentioned, in an attempt to correct the image of the "Fleet Street fat cats."

Her key strategic mistake was to believe that distribution workers would heed her call to "black" News International's titles. They did not—and the union's tactics led in February to the seizure of its assets for contempt of court.

The honeymoon with the London branches was over. They campaigned successfully for the rejection of two compensation deals which did not provide for print union recognition or jobs at Wapping, an objective Ms Dean continues to regard as unattainable in the foreseeable future. At a mass rally in May she was jeered and branded a "film star."

At the union's policy-making conference, days after the first ballot rejection, she asserted her authority over recalcitrant London branches—chiding her "macho" members to toe the line.

Her keynote "state of the union" speech paved the way for moves to wrest control of the dispute from the London branches. She also laid a trap, arguing successfully that the union commit itself to avoiding resequestration of its assets. Faced with precisely this probability this week, she was able to lead her executive to call off the dispute.

Ms Dean—and 23 executive members—were not prepared to risk the union's future for the sake of a London dispute which was thought to be unwinnable.

It has often been forgotten in the dispute that the two most vociferous opponents of Ms Dean's tactics—London machine branch and London clerical—were only incorporated into the union in 1982—when Sogat was joined by Natsopa. Ms Dean was determined that these groups should never dominate the union.

It seems most likely that her approach has increased her status in union circles. Mr Norman Willis, the TUC general secretary, has given her open support.

Within the print industry, however, the divisions over Wapping will probably set back amalgamation plans between Sogat and the much smaller National Graphical Association.

Away from her union work, Ms Dean spends time and money on herself: maintaining the immaculate state of her clothes, make-up and coiffure. She calls it "Brenda time."

Her favourite shop is Jaeger, her home in Islington. She is accused of enjoying the trappings of "the boss class."

This year she hopes to devote more time to the bulk of her membership—in the general print sector, packaging, books, papermaking and provincial newspapers.

In the provinces, as the balance of power switches from NGA craft elitism to female keyboard operators she will be aiming to ensure that Sogat members are not squeezed out.

The consensus among newspaper executives is that Brenda Dean could have averted Wapping if she had been elected to national office earlier. By the time she took up the job, in 1985, the seeds were sown.

As for the broader future, some think she will be wooed again, by the Labour Party. Neil Kinnock dubbed her "a valued asset to the movement" when he addressed the union's annual conference.

One newspaper executive remarked yesterday: "If Kinnock's got any sense, he'll give her a cabinet position if he gets power. She's the acceptable face of both feminism and trade unionism."

هكذا من الأصل

more than Labour leaders, meeting in Leeds this weekend for the party's local government conference, cannot shrug off however hard they try. It is that the party's so-called "loony left" councillors will give the Conservatives more juicy propaganda in the run-up to the next election.

The Labour leaders are painfully aware that, as they have been out of office for nearly eight years, no voter under the age of 25 has experienced a Labour government since being old enough to vote. This group can only judge Labour from experience at local level.

The Conservative Party, particularly Mr Norman Tebbit, its chairman, and Mr Nicholas Ridley, Environment Secretary, have thus made great political capital from repeated claims that the outlandish behaviour of some Labour councils is what the electorate must expect if it is foolish enough to put Mr Neil Kinnock in 10 Downing Street.

Local government is therefore certain to be a hot issue in the election campaign, not only because of the mileage the Tories intend to get from their attacks on the far left, but also because of criticism that will be levelled at the Government over its handling of local government finance and the debate over the controversial proposals to reform domestic and business rates.

One of the purposes of Labour's weekend in Leeds is to ensure that the party wins this political argument.

It is in part an exercise in damage limitation, for there is little doubt that up to now the Conservatives have scored heavily. Liverpool and Lambeth, by defying the law and refusing to set a rate, and many other Labour councils, by spending money on contentious issues such as gay liberation, have given Mr Tebbit and Mr Ridley potent weapons.

Reports of these activities have been vigorously denied by the local authorities concerned and some were found false, but there has been sufficient truth in others for the mud to stick.

To overcome this handicap, the message driven home by Mr Kinnock in Leeds yesterday was that local government under Labour would protect and improve the quality and reliability of public services damaged by a Tory government that had played havoc with local authority finance.

Labour leaders believe the tide has turned in their favour and that there has been a significant change in the attitude of even the more controversial local council leaders. Value for money and efficiency are creeping into their vocabulary in place of confrontation.

The change, if such it proves to be, probably came about for two reasons.

The first was the realisation last year that Labour might not win the general election, or that a Kinnock-led government would not necessarily be prepared to rescue those Labour councils that were most in debt.

The second was the pressure for increased efficiency exerted by the independent Audit Commission and from within the party by the parliamentary leadership and groups such as the Local Government Information Unit, set up by the party and trade unions to provide local authorities with information and advice.

To maintain services, many local authorities have taken on substantial debts — Sheffield, Manchester, Hammersmith and Fulham over £100m each, for example—in the belief that an incoming Labour administration would pick up the bill. But the leadership is anxious to dispel any suggestion of a spending free-for-all, emphasising that the level of rate support grant will be permitted to grow only in line with the economy and there will be a cash ceiling on government grants.

Dr John Cunningham, shadow Environment Secretary, said in Leeds last night: "We will be demanding evidence of efficiency before additional resources are released. There will be no easy money for ministers and there can be none for councillors."

His comments followed a remark by Mr Ridley earlier this week that a Labour government would give local authorities "a blank cheque."

Rather than pay off local authority debts, which would be opposed by the less high-spending Labour councils, a Kinnock government would probably allow councils to reschedule medium - term borrowings, normally limited to 10 years, over a much longer period.

The debt problem has come about largely because of the scale of the so-called creative accountancy devices adopted by local authorities to beat the Government's spending restrictions. "Creative accountancy is one of the few growth industries in this country," says Mr John Banham, controller of the Audit Commission and director-general-designate of the Confederation of British Industry.

Local authorities, mostly but not exclusively Labour ones, have covered the gap between spending needs and revenue by using up reserves, by leasing schemes and by deferred purchase arrangements financed in the City, often by Japanese and Middle East banks.

These allow a council to borrow for spending immediately, but to delay payment of interest for three years. "Local authorities that have taken out these loans could face savage cuts in their programmes and services in future years," says Tony Travers, a specialist in local government finance at the London School of Economics.

Labour leaders have known for several years of the problem they would face in office from huge local authority debts. What they were not prepared for was a potentially explosive report on the efficiency of some Labour councils from the Audit Commission, which was set up in 1983 to monitor local government spending and to push for efficiency. Labour leaders established the commission's legitimacy by frequently invoking its criticisms of the Government's handling of the rate support grant.

Mr Banham and his colleagues have become so worried by the overspending and apparent lack of management skills in some inner London authorities that they launched a special inquiry last autumn. The leaked first draft, Labour leaders learned, promised to be a damning indictment of Labour's stewardship of inner London town halls.

The commission agreed to tone down some of its more damaging allegations following representations from Labour national and local leaders, and to include sharper criticisms of government policy on the distribution of grant. The final report, published last week, shows that while many Labour-and responsible, those that are badly managed are paragons of inefficiency and incompetence.

The report takes three groups of councils in areas with broadly similar levels of deprivation, the first two in London, the third spread across England.

All eight in the first group (Brent, Camden, Hackney, Haringey, Islington, Lambeth, Lewisham and Southwark) are run by Labour and by almost any standard of efficiency, according to the commission, they are in a far worse state than either of the other groups, falling into a steep spiral of insolvency and deprivation comparable to parts of New York and Chicago.

The report, which said the eight face a total funding gap of almost £300m in the next financial year, was welcomed by Labour leaders as much more constructive than they had dared hope. It showed, for example, that some high-spending local councils like Greenwich and Sheffield, are efficient and well managed without being wasteful.

The report helped in a more important way; it put vital external pressure on the offending councils to put their houses in order rather than rely on an incoming Labour government to bail them out. Initial indications are that the message is being received.

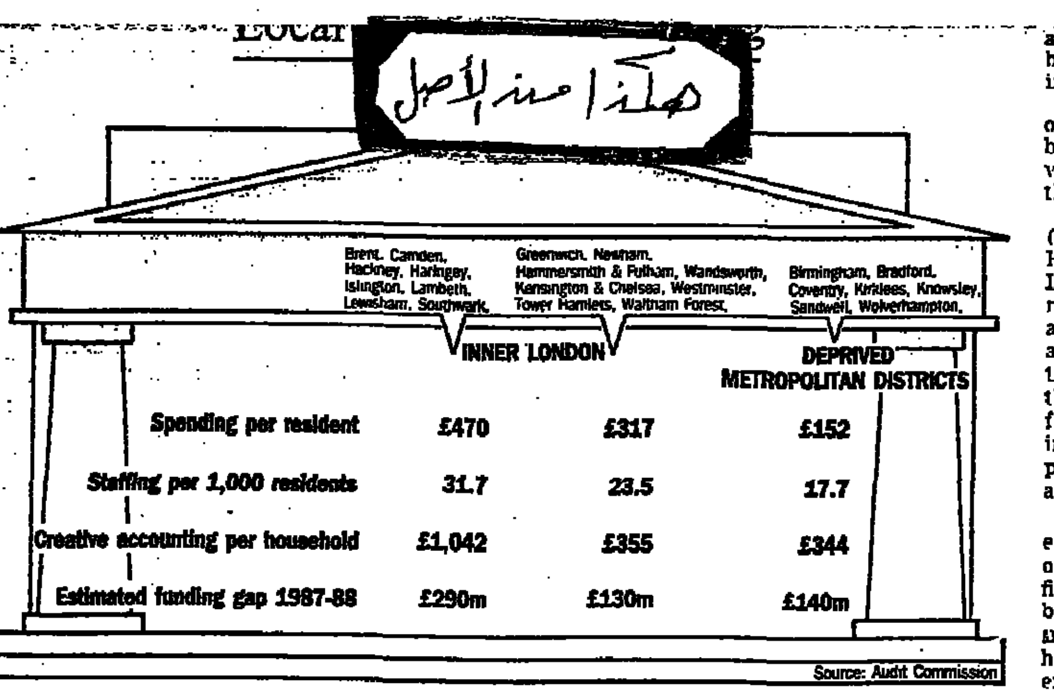
The Labour-controlled Association of London Authorities has invited the Audit Commission to help set up small working parties within its member authorities to find solutions to their financial problems.

"There is a new realism coming through in London Labour government, much less threatening and much more prepared to compromise in the name of efficiency," Tony Travers says.

In Hackney, for example, one of the most deprived of all boroughs—with a long housing waiting list and high unemployment—there have already been moves to improve what was admitted to be a chaotic management structure. A millstone of a direct labour organisation which lost £5.7m in the two years 1983-85 turned in a small operating profit in 1985-86.

It is probably the efficiency question which will determine who wins the propaganda battle. Most damaging of all for Labour will not be accusations of spending too much cash on fringe activities, but continuing evidence of poor administration and failure to get dustbins emptied.

Dr Cunningham claimed yesterday that there was a newly regained confidence within Labour local government. "The overriding message (from Leeds) is that rational, realistic and radical strengths are now the dominant forces at work," he said. The Conservatives will be trying hard to prove otherwise.



Labour launches an efficiency drive

By Richard Evans

Snapshots of the electorate

What went wrong for the pollsters

By Peter Riddell, Political Editor

IF THE OPINION POLLS are taken at face value, nearly a tenth of the electorate shifted its support away from the Conservative Party and back again in a few days last month. The party's rating fluctuated between 34.5 and 44 per cent.

This apparent discrepancy in poll findings has prompted a vigours debate among pollsters about what, if anything, went wrong. At Westminster there is to be another backbench attempt to ban polls during election campaigns; this follows an earlier unsuccessful call on the Government to legislate for a code of conduct.

The Market Research Society has announced the launch of an advisory service on political polling for press and public in advance of the general election. This has been welcomed by all the main pollsters although it has been under discussion for more than six months and predates the latest controversy.

In spite of disclaimers, politicians avidly study poll findings. Professor Ivor Crewe, a leading psephologist, concluded in a study of the 1983 campaign that the polls had ceased to be a commentary on the election and had become the game itself.

Polls also move markets. A Gallup survey last month which put Labour in the lead helped to knock 2 cents off sterling. There are market rumours before each poll is published, leading to anxiety about leaks. Ten days ago details of a Marplan survey were circulating at Westminster several hours before its publication in Today. Thus the accuracy of polls is of great importance.

The basic approach is like all market research. A poll is a snapshot based on a representative sample of electors. The samples are weighted to reflect the population balance of men and women, differing age groups, occupations, housing tenure and, for example, car and telephone ownership. Samples vary in size from just over 900 to nearly 1,900.

There are various ways in which polls can go wrong; the larger the sample the more accurate it is likely to be. Statisticians estimate an accuracy of plus or minus 3 per cent in the majority of cases on a 900-interview sample and plus or minus 2 per cent on an 1,800 sample. This margin covers a lot of last month's variations as on previous occasions. Errors can arise from the number and geographical spread of sampling points. The more points chosen for interviews, the more accurate the poll is likely to be. The range of collection points—no reputable polls are done by telephone—is between 100 and 170 for most samples.

The way questions are asked is important; even apparently obvious ones like: "How do you intend to vote?" Some polling groups like Market and Opinion Research International put this question first. Others precede it with other questions about the performance of party leaders.

OPINION POLLS

	Con	Lab	Alliance
Harris Jan 10-11	42	37	20
Marplan Jan 9-12	38	36	23
NOP Jan 7-14	42	37	19
Gallup Jan 14-20	34.5	39.5	23.5
Harris Jan 20-22	44	36	18
Marplan Jan 23-26	38.5	38.5	20
MORI Jan 23-28	39	38	21
NOP Jan 21-28	38	40	20
Harris Jan 30-Feb 1	37	39	22

The latter method, by mentioning, for instance, Mr David Steel and Dr David Owen, tends to increase awareness of the Alliance and results in a one to two percentage point higher rating for the Alliance in the subsequent voting preference question. The Alliance claims that this prompted question corresponds to a voter's experience in the polling booth and is therefore more accurate.

Most of the discrepancies in polls taken at about the same time can be explained by a combination of the normal margin of error and variations in sample size and sampling points, says Mr Robert Worcester, head of MORI.

He admits there have been a couple of rogue polls recently outside the normal range, but attributes this to bad timing in the cold snap and sheer bad luck. He denies the need for a special inquiry.

Gallup has shown the largest fluctuations in recent months. Mr Robert Wybrow, a Gallup director, acknowledges that the January surveys were more volatile than previously. There was no change in method but he notes that, unlike other polls, the Gallup survey was taken during the worst of January's cold weather and this might have prevented older people getting out and so affected the representativeness of those interviewed. He wants to see this month's results before reaching conclusions.

After excluding the rogue polls the majority of last month's findings were within the usual narrow range, given that there also seems to have been a change in the underlying trend. The Conservatives steadily built up a lead averaging three points or so before Christmas, but this has been reversed. The four most recent surveys suggest that the two main parties are almost neck and neck.

Party strategists admit doubt about the state of opinion and Mrs Thatcher will want to feel more certain before calling an election. Some leading Conservatives do not want to go into an election with too large a lead because they fear that Tory complacency could boost the Alliance.

They point to the recent West German elections where an apparently unassailable Christian Democrat lead during the campaign was much narrower in the result. The polls seem to have been partly responsible.

There remains the paradox of the increasing electoral influence of polls and the greater chance of error as the election campaign approaches and newspapers seek more frequent, instant and cheaper surveys. There is also the inevitable rule that the more sensational and probably unrepresentative the findings are, the more publicity they will receive.

Letters to the Editor

Free markets and Sizewell

From Mr T. Schoeters

Sir, — Successive Thatcher Governments have insisted that free competition and market forces should be left to solve industrial problems.

So, to solve the Sizewell B dilemma, should the CEGB not be required by government to call international tenders for a power plant of any type including coal and to award the prize to the lowest offered unit cost?

One problem is that CEGB has for many years made itself both judge and jury and has exercised a major design function when fossil plants are put together. A similar de facto situation exists for nuclear since the Dungeness B fiasco.

Another problem is that on present fuel costs and in any fair competition, PWR would lose to coal — leaving a number of august faces to be saved.

The simple fact however that the pressure vessel for a PWR at Sizewell was ordered from the French group Framatome some five years ago shows both that Layfield was an expensive charade and the breathtaking arrogance of the CEGB.

Ted Schoeters.
149 Parkside Drive,
Exmouth, Devon.

Illegally taxed?

From Mr A. Furse

Sir,—The long and complicated differences of opinion about proposed changes in the personal allowances of married couples are endangering the much overdue correction of the insulting, unfair treatment for tax of a wife's investment income.

EEC law and the equal opportunities legislation must surely have made it illegal to tax the income of a married woman differently from that of a married man, yet the present system allows the investment income of a married man without an earned income to be taxed as his, whatever his wife's earnings, while the investment income of a married woman (earning or not) is taxed on that of her husband, at his top marginal rate.

Whatever the eventual outcome of the personal allowance rearrangement, surely we can expect the support of the Financial Times for taxing the investment income of a woman as her income whether married or not. If Parliament refuses to allocate her any personal allowances for tax, this income will, of course, be taxed at 20 per cent or whatever, but such a change will: make the system legal; save the married women from suffering "high rate" just because of her husband's income; and on the rare occasions when his wife has income and the husband has not, show just how inequitable the present unaltered allowance system is.

A. W. Furse.
Nerquis,
Mold, Clwyd.

Intelligible economist

From Mr A. Bird

Sir, — Mr W. A. P. Manser (February 3) says that economists are unintelligible. Not all of them. In the December 1979 issue of the Journal of Banking and Finance an article appeared, written by Paul Samuelson, entitled: "Why we should not make mean log of wealth big though years to act are long." Every word in the article had just one syllable.

Tony Bird.
193, Richmond Rd,
Kingston-upon-Thames, Surrey.

Licences of right in medicines

From the Director, Association of the British Pharmaceutical Industry

Sir,—Richard Faulkner (January 30) accuses ABPI of failing to produce figures to support the statement that abolition of the licence of right provisions of the 1977 Patents Act as they apply to medicine patents would have insignificant cost consequences for the NHS. In fact, this statement was made by Lord Lucas in the House of Lords on January 12. He was speaking as a Department of Trade and Industry Minister, on the basis of advice given to him by the Department of Health and Social Security.

We are, however, making available a document which indicates that, at least in some cases, it could actually cost the NHS money not to change this section of the Patents Act. Overall, we believe that the reform we support will be cost neutral in its implications for the NHS. But to a degree the removal of the "patent sharing" arrangements which licences of right represent would protect the NHS income of research based companies from erosion—by around £20m per annum in the early 1990s.

Mr Faulkner's claim that licence of right abolition would cost the NHS up to £200m per annum by the early 1990s clearly stands in flat contradiction to the Department of Health's expressed view. He has nowhere justified this figure.

ABPI believes that it is unjust that innovative pharmaceutical companies now spend an average of 12 years on developing new medicines only to find when they reach the market that after four years they have to share their right to supply the product with organisations which do not invest in research.

(Dr) J. P. Griffin.
12 Whitehall SW1

The great wilderness

From Mr W. Palmer

Sir,—As an owner of a large acreage of Flow Country in Caithness, I was interested to read your article (February 4) "Battleground of the great wilderness." It is contrary to my best efforts that the Flow Country is being afforested. The Crofting Reform (Scotland) Act 1976, however, gives the crofter or smallholder an absolute right to purchase both his arable land and the moorland or flow ground included with it as a sheep grazing area.

The Act dictates that the price shall be the agricultural value which represents only a small fraction of the forestry value of the same land. If a crofter has borrowed unwisely he is placed under great pressure to purchase from his landlord under the terms of the Act and financial institutions are often prepared to provide additional resources as a means of recouping their debts. Furthermore the designation of an area as an area of special scientific interest (SSI) only protects that area if the Nature Conservancy Council pays out taxpayers' money as financial compensation for its non-afforestation.

This whole sorry tale is yet another example of the absurd effect of Parliamentary interference with the economy.

W. A. Palmer.
Bussock Wood,
Nr Newbury, Berks.

Advertising on the BBC

From the Prospective Parliamentary Candidate, Swansea West Conservative Association

Sir,—If it is true that the ITV companies are seeking to raise the amount of advertising per hour of TV would I be wrong in thinking there is an excess of demand over supply.

Surely the Government should think again its attitude towards pressing the BBC to take advertising. One of the strongest arguments coming from the IBA during the Peacock committee was that there wasn't enough advertising to go round. The consequence of this was to link the licence fee to inflation, safeguard the IBA monopoly on TV advertising and to propel the value of shares in ITV companies into orbit.

Nigel Evans (Councillor).
5, Graiglwyd Square,
Cockett, Swansea.

How not to teach mathematics-or untouched by swarf

From Mr J. Griffith

Sir, — The sorry state of affairs disclosed by Michael Dixon's article "How not to teach mathematics" (January 30) goes back several years. Near the village where I lived until 1983 is (or was) one of those excellent small engineering works where not only farm equipment but also the heavy-duty machinery of circus and fair-ground appliances can be repaired up to the high standards needed to ensure the safety of those enjoying the fun.

Once, talking "over the garden wall" with its owner-manager, a highly qualified aircraft engineer who had worked for de Havilland in happier days, I remember asking him how he was placed for young apprentices. "I'm at my wits' end," he replied. "I could take on two or three tomorrow and give them as good a training as I've had myself. But with these damned employment regulations, I simply must insist that any school-leaver I take on can be trusted to get the basics right without my having to stand over him every hour of the day. Of course, I look first for youngsters living within moped or cycle range, if only because they're likely to stay on in the neighbourhood for at least a few years to give me some return for my efforts at training them. So I go round the local schools, and it gets more and more depressing. The headmaster greets me genially and parades his handicrafts-teacher (or equivalent) with half-a-dozen or so likely lads, 'hand-picked,' he assures me. I take about 10-15 minutes to put the boys at their ease, and their lacklustre eyes light up when I mention the Big Top and that kind of thing."

He then described to me the two tests he set them. One consisted of three cogwheels mounted in mesh on a metal strip, with the numbers of teeth on each wheel clearly stamped on: say, 18 teeth on the left-hand one, any number you like on the middle one and (say) 45 teeth on the right-hand one. "I ask each boy in turn to handle the device and tell me, when he's thought about it, how many turns of the smallest wheel it will need to make the larger one at the end go round once. Believe you me, I've had answers from one to 100. I then ask those who get that right (about two out of 12 if I'm lucky) which way round the 45-tooth one will go if I turn the 18-tooth one clockwise, and that often stumps them. It makes me want to cry and the master sits there embarrassed, with his face the colour of an over-ripe tomato. So I try my second test."

Here he described what must have been the chuck of a small lathe. "Now, let's set this up to hold something (say) 1½ inch thick" (metrication was not universal then). "They fumble with it in turn; obviously its utterly unfamiliar to them. So I say 'have a go,' and I've got pretty well everything from tight shut to 2½ ins (the maximum). At best a few give me a pretty approximate 1½. generally they're some of those who muffed the other test. So, sadly, I have to say 'nothing doing,' and go away."

"How do you account for this?" I asked. "Well, this may be part of the story," he went on: "At one school I noticed a nice small lathe under a dust sheet. 'You're lucky, aren't you,' I said, 'at least you've got decent equipment. Do you mind if I see what's under the dust sheet?' There, still in its factory grease, was a nice little job, and its chuck was not unlike the one in my second test. 'How come this hasn't been used?' 'Oh,' said the master, 'we don't actually use this; we prefer to show the class a film of people using one like it.' 'Good God,' I said, 'just how stupid can you get?' I mentioned this in taking leave of the obviously crestfallen headmaster. 'Yes, I know,' he said. 'Trouble is, if we did use it and little Johnny went back home with so much as a scratch from the swarf, the parents would threaten to sue the school and I'd lose my job. Films are safer.'"

John G. Griffith.
Jesus College,
Oxford.

Baker Perkins agrees to £30m cut in APV bid

BY CLAY HARRIS

Baker Perkins last night accepted a revised merger offer, on terms worth £30m less than those prevailing on Thursday, after telling APV Holdings of unexpected cost overruns in BCS, one of its food machinery divisions.

Profits in certain other parts of Baker "would be at the bottom end of the range rather than the top end of the range," the companies said in a joint statement.

Baker's top management paid the price for the bad news. Sir John Peake, chairman, will retire rather than join the new board. Mr Mike Smith, chief executive, will become an executive director but not joint chief executive, as originally planned.

"The company has had to downgrade its profit forecast at a very embarrassing time and one has to recognise that this has been a failing of management," a senior APV executive said last night. Management of the combined company would now be unambiguously in the hands of Mr Fred Smith, APV chief executive.

Baker told APV within the past ten days that an extremely disappointing third quarter meant that its profits in the year to March would be well down on previous expectations. The problems were largely a result of costs on one particular contract which had used a large amount of casual labour and sub-contracted work.

"It was really a case of industrial indigestion," Mr Fred Smith said last night. "They grew too fast."

Neither of the engineering companies would specify the size of the additional costs that had come to light. Morgan Grenfell, advising Baker, said that the new terms were "a fair reflection of the position of the company as it now is."

Both sides said that an approach to Baker by Hollis, Mr Robert Maxwell's engineering group, after the original agreement was announced, was unconnected to yesterday's developments. Hollis had been given the same information as APV. Mr Maxwell had no comment last night.

APV replaced its three-for-five share terms with a one-for-two offer. With its shares down 23p to 620p, APV's new bid values Baker at £130m against £161m previously. Despite a 74p slide to 331p, Baker's share price is still well above the 310p value of the new offer.

See Lex

Guinness sells stake in Bank of Scotland

By Martin Dickson

Guinness, the drinks group, beset by scandal, has sold for about £17m the 4.05m shares in Bank of Scotland which it acquired as part of its £2.5bn takeover of Distillers last year.

The stake—some 3 per cent of the bank's equity—was sold through the market on Thursday by Cazenove, which is broker both to Guinness and the bank.

Guinness declined last night to give details of the transaction, but the bank's shares were trading on Thursday between 433p and 446p. Last night they closed at 449p, up 3p on the day, while Guinness closed at 295p, up 6p.

The sale is not surprising, since Guinness indicated at the time of the bid that it was likely to dispose of the shares. Last August it sold for £108m a stake which Distillers had held in British Petroleum.

Christopher Parkes on the bid target Avana, and its mercurial chairman

Dr Randall mans the barricades

DR JOHN RANDALL has something of a name in the City for being "difficult." Yesterday he promised to live up to his reputation with a vengeance, pledging "implacable opposition" to Rank Hovis McDougall's bid for Avana Group.

His Welsh blood was boiling at the way Northern Foods had given RHM a head start in the campaign through the sale of its 20.3 per cent stake in Avana.

"We were lulled into a false sense of security," the chairman and managing director of Avana claimed. Northern had said that if it came to dispose of its holding, it would spread the shares around friendly hands in the City.

"I was absolutely confident that was our understanding," Dr Randall added.

But the deed is done, and now the mercurial Dr Randall has a job on his hands. Group profits have been stagnant and the share price has been down in the dumps for some time.

Dr Randall's skills as a corporate strategist are much less admired in the City than his masterly abilities as a manager and his brilliance as a production engineer and innovator in the food business.

As one broker remarked yesterday: "He brought Avana into the 20th century, but he really didn't take it further. He forgot about acquisitions.

"While Northern Foods, Hillsdown Holdings, Hazlewood and Fitch Lovell were buying, Randall sat on his hands. He missed massive opportunities."

While he has his admirers, Dr Randall's relations with the City took a turn for the worse in 1984, when his bid for a sitting duck, Bassett Foods, missed by a mile. Yesterday he was ready to acknowledge that public relations had not been as good as they might have been and he hinted that he might now be prepared to invest in advice on building bridges.

However, Dr Randall has not been sitting on his hands. In the face of the bid, he was now prepared to enlarge on the mysterious investment programme revealed to the City in barest outline on Thursday.

He said the Welsh Office was currently assessing the grant possibilties for a £28m Avana food park — a showpiece complex of new factories, with jobs for 800, making a wide range of products, including fresh, chilled and frozen cakes, confectionery, and some still-secret offerings. A recently completed £4m installation at the Rogerstone bakery in Gwent was already running at full steam, he claimed.

All would be high added-value items, produced at low unit-cost by the latest high-volume methods, he said. The park would supply produce to the home market and continental supermarket chains which had observed the success of Avana's products in Marks and Spencer and other major outlets.

While Dr Randall has difficulties with some institutions and brokers, he has certain strengths which could help his defence. He probably has an ally in M and S, one of his biggest customers for own-label products. Despite a sometimes fractious relationship, Avana's ability to outsell competitors two-to-one with new products is greatly valued by Lord Rayner's team at M and S. Should Avana fall into RHM's hands, it seems unlikely Dr Randall will go as part of the package.

Mr Stanley Metcalfe, managing director of RMH, was in gracious mood: "We like John Randall," he said. He also liked Avana's size, investment strategy, management style, track record and product fit.

The bakery business would mould happily with RHM's operations in bread baking and Mr Kipling cakes; Avana's flour-based Viota mixes and breakfast cereals fitted well, as did its own-label ready meals with Ranks's Sharwoods and Tiffany products.

Both companies were prominent in chocolate manufacture for industrial users, and the Robertson's jam range would complement RHM's grocery lines such as Bisto, Paxo stuffings and Cerebos and Saxa salt brands.

Mr Metcalfe had no qualms about taking on a company so deeply involved in production for the hard-dealing supermarket chains, even though RHM's own-label business at present accounts for only 15 per cent of sales, compared with more than 80 per cent at Avana.

Mr Michael Landymore, an analyst at stockbrokers Henderson Crosthwaite, viewed the bid as part of the process of consolidation which had recently affected the food processing industry worldwide.

Retailing power in Britain was now concentrated in the hands of the major multiples, he said. The food manufacturers which survived the storms of recession and the tough tactics of the retailers had surplus cash and had to assess the alternatives: diversification into non-foods; moving overseas; or buying other British food makers.

Northern Foods, catalyst in the bid, provides a good example of a company in this category. The £49.7m cash paid by RHM for its Avana stake will virtually eliminate group debts. Mr Christopher Haskins chairman, said yesterday that he expected Northern to have a cash surplus of about £20m on hand by next month.

The company has only recently extricated itself from difficult investments in the US market. Now it is focussing clearly on the UK food industry, dividing its operations into three distinct areas: dairy produce; meat products; and bakery.

With the retreat from the US almost complete, apart from the impending sale of a contract carpet cleaning business, Northern can be expected to build on this base by acquisition or organic growth.

For the moment, however, Mr Haskins is keeping his head down.

"As far as this bid is concerned we are over the horizon and out of sight," he said.

Mr Stanley Metcalfe, managing director of RHM

The Welsh Office is currently investigating the grant possibilities for a £28m Avana food park—a showpiece complex of new factories, with jobs for 800.

HOW THE PROTAGONISTS COMPARE

	1986 Turnover	Pre-tax profit
RANKS HOVIS McDOUGALL*	1,414	90.8
34,858 employees. Brands include: Mothers Pride, Mr Kipling, Force cereals, Saxa, Bisto, Paxa, Sharwoods, McDougalls, Be-Ro, One-Cal.		
AVANA GROUP†	202.5	19.6
4,060 employees. Brands include: Robertsons, Ledbury, Viota. Bulk of business one-label products for retailers including Marks and Spencer, Waitrose and Sainsbury.		

* Year end August 30. † Year end March 29.

Smidth again seeks majority in Anglo-Nordic

By David Thomas

F. L. Smidth, the Danish engineering and cement machinery company, is making a recommended offer for 29 per cent of Anglo Nordic Holdings, the engineering and property group, which will give Smidth 75 per cent of Anglo Nordic.

Smidth is offering 31.5p in cash for each Anglo Nordic ordinary, which places a value of approximately £10.3m on Anglo Nordic's entire issued ordinary share capital.

Anglo Nordic's shares closed up 4½p at 28p.

Smidth used to own 51 per cent of Anglo Nordic, but this was reduced to 46 per cent in 1985 as a result of Anglo Nordic's acquisition of Petbow Holdings, a power generation set company.

Mr Brian Wolfson, Anglo Nordic chairman, said Smidth wanted to regain a majority stake because it saw Anglo Nordic as the flagship of its presence in the UK. Smidth will also be able to consolidate Anglo Nordic's results for accounting purposes.

Smidth wanted Anglo Nordic to retain its listing in London so it could make acquisitions in the UK through the issuing of shares.

Anglo Nordic reported pre-tax losses of £758,000 on sales of £54.2m for the year to March 31, 1986, but Mr Wolfson said the company would report operating profits this year.

Anglo Nordic is negotiating a number of disposals. It recently sold Vega (Cantley), a transposer company, and property in Uxbridge for more than £3m.

Shareholders may accept Smidth's offer for either all or part of their holdings, but might be subject to scaling down arrangements.

No offer is to be made to holders of Anglo Nordic's 10 per cent convertible unsecured loan stock 1989 and 1989/1992.

Smidth does not intend to change Anglo Nordic's management and has said the rights of Anglo Nordic's employees will be safeguarded.

Govett Strategic

Govett Strategic Investment Trust has paid £961,737 for a 25.65 per cent stake in Arncliffe Holdings, the Leeds-based property developer and investment trust.

The shares were bought from Mr Manny Cussins, Arncliffe's former chairman, his son, Mr John Cussins, a former director, and other members of the family.

Arncliffe shares were unchanged at 89p, against the 75p paid by the Govett trust.

Evered acquires 25% holding in Hallite

BY JANICE WARMAN

Evered, the acquisitive industrial conglomerate, has acquired a 25 per cent holding in Hallite, the plastic seal and hosemaker, but said it was not the prelude to a bid approach.

Mr Osman Abdullah, chief executive, said it should prove an excellent investment as there were areas of business co-operation between he two companies. Evered has a polymers division which produced trading profits of £1.2m on £17m turnover last year.

Hallite recently announced interim pre-tax profits down from £46,000 to £42,000, and warned that its full year results would be significantly worse than last time's £617,000.

Its shares closed 20p higher at 215p. Analysts said a bid would make sense for Evered, since the two companies were active in the same sector. Hallite had a reasonably small capitalisation of about £5.95m and Evered had cash available from selling its 17.4 per cent stake in TI Group last year.

Last month Evered acquired a 22.6 per cent stake in CI Group, the specialist steel and engineering group.

Audio Fidelity sells two subsidiaries to founder

BY CLAY HARRIS

Audio Fidelity is to sell two subsidiaries to Mr Ervin Powell, who founded the Leeds-based sound-equipment maker and retailer in 1946, and his son, Mr Mark Powell, who will resign as chairman.

The sale marks the parting of the ways for two of Audio's most noted products, Fane loudspeakers and Linear amplifiers. The former will stay with the company, but the latter is included in the £650,000 sale to the Powells.

Audio also announced yesterday the purchase of Fanfare Group, which markets books and electronic gift items such as exchange-rate calculators and calorie counters.

It will pay an initial £200,000 in ordinary shares, with deferred payment of up to £1.86m in shares, if pre-tax profits exceed £450,000 in the year to June 1987.

York Trust, advising Audio, did not disclose sales or profit figures for Fanfare. Mr Stephen Goldberg and Mr Iain Burton, Fanfare's controlling shareholders, will join the Audio board. Their shareholding could rise from less than 10 per cent to 45 per cent if Fanfare earns the full deferred payment.

The Powells are funding their acquisition with the sale of 1.52m Audio shares, which are to be placed by Stock Beech.

The disposal will reduce the family holding to less than 10 per cent. Audio shares rose 18p to 103p, compared with the 92.5p price on the Fanfare issue.

The doors close on applications for shares in the £900m offer for sale of British Airways. Lord King (centre left), British Airways' chairman, and Mr David Bucks (centre right), vice-chairman of Hill Samuel, bar the way to latecomers at the Bishopsgate branch of Lloyds Bank in London, the headquarters of the lead receiving bank to the issue, after thousands of last-minute investors have deposited their applications.

Glen Intl ups stake in Marler

By Janice Warman

GLEN INTERNATIONAL, the investment company headed by Mr Terry Ramsden, chairman of Walsall Football Club, has lifted to 29.9 per cent its stake in Marler Estates, the property company which owns Chelsea and Fulham football club grounds.

However, Glen said it had no intention of mounting a bid, and Marler's share price echoed the sentiment, closing 10p lower at 760p.

Marler announced on Thursday that Blade Investments had placed its 42 per cent holding at £8.20 per share. Yesterday it revealed that Mr Robert Noonan, Marler's investment director, had bought 15 per cent, with 12 per cent going to Glen International, and 15 per cent to Swiss institutional investors, none of which will hold more than 4.9 per cent.

Blade Investments bought its stake in Marler in 1978 at 25p, and sold at £8.20.

Mr David Bulstrode, who is to stay on as chairman, said he was not concerned about the possibility of Glen International mounting a bid.

"Mr Raden is known as an investor in corporate situations, more so than a person who takes over companies," he said.

Mr David Pellatt, managing director of Glen, said: "We have no intention of putting in a bid. We see this as a very good investment, a company with tremendous promise."

Mr Noonon, who already held an 8 per cent stake and has signed a five-year service contract, said the placing showed institutional support for the company. He added that he looked forward to seeing his own holding increase in value.

Marler's largest project is its development site at Wembley, where it has submitted a planning application for a 600,000 sq ft retail scheme.

Bailey/BCSR

C. H. Bailey is not selling its shareholding in Bristol Channel Ship Repairers.

It informed BCSR that negotiations that could have led to the sale of substantially the whole of the 46 per cent holding have ceased with no agreement reached.

BANQUE PARIBAS and a subsidiary have shown interest in 3.75m shares (5.83 per cent) in British Benzol, an independent manufacturer and distributor of solid and liquid fuels and of screening equipment used principally in the quarrying and mining industries.

Moss Advertising makes cash-call for expansion

BY ALICE RAWSTHORN

Moss Advertising Group, the regional advertising agency which is quoted on the USM, yesterday announced proposals for an open offer to shareholders in order to raise £1.23m.

Shareholders may apply for three new shares for every seven shares already held in the company. Moss will issue 1.63m new shares at 80p each. Its share price remained unchanged at 86p yesterday. The stockbroker to the offer, Stancliffe, has arranged for a group of institutions to take up any shares not applied for by existing shareholders.

Moss has staged the offer in order to raise working capital to facilitate a proposed acquisition programme. The board, headed by Mr Stuart Pearson, who became chairman in September, intends to expand the company within advertising—initially by acquiring a London agency—and by diversifying into related areas such as design and public relations.

"We plan to strengthen the existing agency and to widen our regional coverage," said Mr Pearson. "We will also broaden the base of the company by acquisition."

Moss envisages funding these acquisitions with the issue of shares, but needed to raise new funds in order to provide working capital to develop its businesses.

In its last financial year, to August 31, Moss suffered a fall in pre-tax profits from £422,000 to £170,000, although it staged something of a recovery in the second half of the year.

Derwent Valley expands in London

Derwent Valley Holdings, the property investment group, is to increase its Central London holdings with the purchase of two companies for a total of £6.9m.

Derwent will pay an initial £5m for Colebrook Estates and £1m for the 69.6 per cent it does not already own in Wilmar Estates. It expects to pay an additional £900,000 based on the latest audit of net assets.

The two companies own seven London properties valued at £7.85m with net annual rent of about £711,000. The acquisitions would increase Derwent's net asset value by about 11 per cent. It planned to produce the higher level of borrowings with disposals.

Iceatlantic bought by Hughes Food

Hughes Food Group, USM-quoted fish processor and cold storage operator, is to pay up to £594,000 for Iceatlantic Sea Foods.

Iceatlantic, which processes fish and freezes offal at Scalloway, Shetland, had sales of £3.4m in the year to last April.

Hughes has bought an 89.8 per cent stake from the Shetland Islands Council, Highlands and Islands Development Board and Mr J. G. Davidson, Iceatlantic's managing director. It plans to make an offer for the remaining shares by next month.

Cecil Gee disposal

Cecil Gee, a retailer and designer of menswear, has virtually completed its closure programme of Sears Holdings of subsidiary of Sears Holdings of the leasehold interest in its Gee 2 store in Manchester. The consideration of £380,000 has been settled in cash and the net surplus represented by the disposal after allowing for attributable costs come to £195,000.

The group's management is now concentrating on the core business activity, represented by Cecil Gee and the Savoy Taylors' Guild outlets.

PROPERTY SECURITY Investment Trust—Royal Insurance has become interested in a further 225,000 ordinary shares making its total interest 5.42m ordinary (8.1 per cent of issued ordinary capital having voting rights).

Whittington in £0.5m deals

Whittington Engineering is paying £250,000 cash for a 25 per cent stake in Rewell, a private company engaged mainly in the manufacture and distribution of toys, games and giftware.

In the 15 months to November 30, 1986, Rewell's turnover was £2.61m and pre-tax profits came to £187,000.

Whittington is also buying an investment property in Leeds, at its valuation of £225,000. Consideration will be satisfied by the issue of 161,870 new ordinary shares at 139p each.

Last month, Whittington subscribed for 25,000 ordinay shares of £1 each at par for a 50 per cent interest in Starstown, trading as Janse. This company manufactures and distributes plastic and metal po-

Personal Computers

In the half year ended November 30 1986 Personal Computers increased its sales from £3.66m to £7.96m, and its pre-tax profit from £245,000 to £400,000. Because of an agency error, these figures were incorrectly reported yesterday.

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday February 5 1987

Chemicals	+23.84	Other Industrial Materials	+11.3
Packaging and Paper	+22.83	All-Share Index	+10.8
Health and H'hold Products	+21.82	Food Manufacturing	+10.6
Textiles	+18.35	Telephone Networks	+10.2
Publishing and Printing	+16.40	Electricals	+10.0
Motors	+15.27	Oils and Gas	+ 9.9
Metals and Metal Forming	+15.89	Stores	+ 9.5
Contracting, Construction	+14.34	Mining Finance	+ 9.5
Electronics	+13.08	Brewers and Distillers	+ 7.2
Mechanical Engineering	+12.92	Insurance (Life)	+ 7.0
Capital Goods	+12.77	Merchant Banks	+ 6.8
Consumer Group	+12.58	Investment Trusts	+ 6.4
Industrial Group	+12.52	Overseas Traders	+ 6.3
Leisure	+12.39	Financial Group	+ 6.3
Shipping and Transport	+12.33	Insurance Brokers	+ 5.4
Other Groups	+12.19	Food Retailing	+ 5.3
500 Share Index	+12.14	Conglomerates	+ 4.7
Building Materials	+12.00	Gold Mines Index	+ 4.5
Agencies	+11.68	Banks	+ 4.1
Insurance (Composite)	+11.51	Property	+ 3.1

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‖‖	F.P.	30/1	78	65	‡Avesco (Reg) 1p	76½	−½	L0.5	6.6	0.9	1.6
¶¶	F.P.	—	37	24	Benson (SGB)	36	.....	bd0.5	3.2	2.0	2.5
‖‖	F.P.	—	63	37	‡Border TV	57	−2	2.5	3.2	6.2	11
135	50	20/2	72½	61	British Gas	72	+1½	w6.5	2.1	5.8	1.3
§94	F.P.	6/1	119	114	‡Gaynor Group 10p	118	−1	L2.67	2.8	3.2	1.9
§95	F.P.	19/1	122½	105	‡Halls Homes & Gdns 5p	122½	+4	R2.77	2.7	3.2	1.5
§23	F.P.	5/1	29	24	‡Harmony Leisure 5p	28	.....	10.1	12.4	0.5	2.5
§100	F.P.	14/1	121	95	‡Hornby Group 5p	95	.....	R3.195	2.8	4.7	1.8
§128	F.P.	30/1	180	146	Hoskyns Group 5p	174½	+½	u1.6	4.7	1.3	2.3
§65	F.P.	21/1	85	65	Loghet 5p	85	.....	R1.8	3.8	3.0	1.4
§144	F.P.	23/1	159½	144½	MIL Research 5p	159½	+½	R3.0	5.4	2.6	6.4
§102	F.P.	—	115	104	‡Mayborn Group 5p	110	−2	R3.2	3.0	4.1	2.4
150	75	—	78	75	Mezzanine Tst. Inc.	76	−1	at10.4	—	9.7	—
50	F.P.	—	53	50	Do. Capital 50p	51	.....	at10.4	—	11.6	—
‖‖	F.P.	—	53	52	Multitrust	52	.....	—	—	—	—
§100	F.P.	—	107	101	Paribas French Inv. Tst.	105½	−1½	—	—	—	—
—	F.P.	—	106	101	Scot. Inv. Tst. Warrants	101	.....	—	—	—	—
§112	F.P.	8/1	130	119	‡Tribble Harris 50.01	130	.....	RQ3.6c	2.8	1.9	9.0
§130	F.P.	27/2	183	148	Viking Packaging 10p	183	.....	a3.5	3.0	2.7	7.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
101.61	£10	19/3	12¼	11½	Mid-Kent Water 8¼% Red Prf. 1997	12	.....
§100	£50	15/5	49¼	41½	Mid-Sussex Water 11% Red Deb 2012-16	49¼	.....
§99.297	F.P.	—	102	100¼	Monks Inv. Tst. 11% Deb. 2012	102	+1¼
—	F.P.	—	100⅛	100⅛	Nationwide 11¼% Bds. 18/1/88	100⅛	.....
¶¶	F.P.	—	115p	110½p	P. & O. 6¼% Cnv. Red. Prf.	115p	+2

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
175	Nil	—	16 pm	3½ pm	‡Cannon St. Invs. 20p	16 pm	.....
36	Nil	16/3	10 pm	9 pm	Petranol 10p	9 pm	−1
42	Nil	20/3	15 pm	12 pm	Rowe Evans Inv. 10p.	15 pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures ι Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

Ian Hamilton Fazey on the battle for Manchester Ship Canal

Accusations fly over nominee canvassing

WHEN ARE nominee shareholders not nominee shareholders? This question is now at the heart of the increasingly bitter takeover battle by Highams for control of the Manchester Ship Canal Company.

The MSCC is now fighting a rearguard action to prevent Highams, the Lancashire textile group owned by property developer Mr John Whittaker, from succeeding in its bid for the canal and its eminently developable land alongside.

Highams has a majority of the equity but, because of a voting structure tapered to favour small shareholders, can only take control if it can break down its holding among nominees and win a battle of proxies at a general meeting.

It has been finding its nominees through canvassers who have been on the knocker in the towns and villages of the Lancashire Pennines since last September. They have now garnered 46,000 nominees, of whom 28,000 have either been registered or put in the queue for registration.

But the MSCC defenders say that some nominees obtained through canvassing think they are signing a petition. Should their proxies be regarded as valid? they ask.

At the same time, the defenders, led by Mr Nicholas Berry, chairman of both the MSCC and the publisher Harraps, another major shareholder, have been breaking down holdings, too.

Some of their nominees have been obtained through Stockport County Football Club and the members of a Manchester amateur Sunday league. The clubs have been receiving £2 from Harraps and allied shareholders for every nominee signed up. Does the MSCC regard these as real nominees, too?

"No comment," says Mr Julian Taylor, MSCC managing director. "What Harraps do is up to them. The MSCC as a company is neutral in this.

Mr Berry says: "There is nothing wrong in what we are doing. We are trying to preserve the rights of 3,000 small shareholders, Highams is trying to extinguish them."

Yesterday, the MSCC management urged that "if any member of the public feels they have been misled in any way by representatives from either side of the bid," they should contact the MSCC company secretary. "This is a serious matter and any complaints will certainly be looked into immediately," the company said.

Mr Martin Hill, managing director of Highams, responded forcefully: "Our canvassers have been explaining to people that we want to revitalise the canal and create jobs in the area. If they want to support us we explain how they can help and invite them to become nominee shareholders.

"They cannot possibly think they are signing a petition. They have to sign four documents, one agreeing to become a nominee, one stock transfer form, a dividend mandate and a proxy form. Unlike the other side, we offer no inducements. People can also change their minds and 13 have been in touch subsequently to do so."

The MSCC defenders are taking great care to use licensed dealers for thetir own unbundling which, they say, plays by rules which allow only licensed dealers to transfer stock. They allege that Highams canvassing operation does not.

They may ask the Takeover Panel to rule on whether Highams' methods are technical fouls. If thtey are, will their nominees not be nominees and ineligible to vote?

From the other side, Highams wants to know what thet MSCC says about the sale of several acres of development land in the Salford enterprise zone to the Carroll Group—which subsequently became a substantial shareholder in the MSCC, placing itself resolutely in the anti-Highams camp.

This question will almost certainly be asked at thet ABM, if it has not been answered in next week's MSCC annual report. But the report is expected to say that all transactions involved were conducted at arm's length from each other

Mr Berry may also call on the Takeover Panel to look at how Highams' holdings crept over 30 per cent last year without its being forced into bidding. The company then had to divest to below 30 per cent when it made its bid several months later, but its opponents say that it did so by selling to friends who then sold back again quickly after the bid began.

Mr Berry says: "I think it was a phoney placing and a bad thing for the Takeover Panel to have allowed. Mr Whittaker should be forced to prove it was not phoney. If this were the US there would have been scores of lawyers looking at things by now."

Mr Hill's response to this is incredulous laughter. "We sold 200,000 shares at market price," he says. "I am so amazed at what he says that I'd rather not comment. We are not interested in trading insults. They must be getting desperate to say things like this."

The MSCC AGM on February 27 will be followed by an extraordinary meeting called by Highams. Its sole business will be a motion replacing the 10 MSCC shareholder directors with just two — Mr Whittaker and Mr Hill.

If Highams then loses the battle of the proxies — because not enough of its nominees have been effectively registered in time — it will try again later when the registrar has processed more of the queue.

Ian Rodger on Japan's approach to the latest big US bond auction

Tokyo echoes New York's relief

THERE were large sighs of relief in both New York and Tokyo yesterday following the successful conclusion of this week's quarterly bond auctions by the US Federal Reserve.

The tension surrounding these auctions, in which a total of $29bn in US Government bonds were to be sold, had seemed usually high because of the renewed fall of the dollar last month.

Tokyo's big institutional investors, on whom the US relies heavily these days to fund its yawning deficits, were making it known last week that they were very angry about this fresh decline in the value of their big dollar portfolios, and they were thus in no mood to buy any more US government bonds.

But by Tuesday, it was becoming clear that the mood was changing. And when the last of the three auctions ended on Thursday afternoon, all of the bonds offered had been sold without yields having to rise to stimulate demand.

Japanese investors were reported to have taken their normal one-third of the $9.25bn in 30-year bonds, about $2bn of the $9.75bn 10-year bonds and an unusually large $1bn worth of the $10bn three year bonds.

Just what happened to restore Japanese confidence is not clear. There were reports last week in Tokyo that the Federal Reserve had intervened in foreign exchange markets in support of the dollar, thus apparently signalling that the US Government no longer intended to talk down the dollar.

In the exchange market though, the dollar of Friday was performing much more perkily than in recent weeks, helped by reports of an impending Japanese discount rate cut and revived hopes that finance ministers of the leading industrialised countries would meet soon to thrash out more harmonious global economic policies. And in the bond market, the spread between yields on Japanese and US Government issues widened slightly, making the US bonds more attractive.

There were also rumours that the leading Japanese brokers, Nomura Securities and Daiwa Securities, were leaning on their reluctant clients, because they wanted their debuts as primary dealers for the US Federal Reserve to be a success.

One view in Tokyo is that no serious attempt at interpretation should be made. The Japanese have simply acquired a taste for large scale bond trading. Last year, for example, they bought a mammoth $1,347bn worth of foreign bonds, but they also sold $1.254bn.

Certainly, the emphasis on the 30-year bonds indicates a taste for the more volatile end of the market. And the Japanese brokers and institutions were indulging this week in the frenzied last-minute consultations—in the middle of the night, Tokyo time—before the auctions.

In any event, this episode serves to put into relief once again the delicate problem of maintaining the flow of the unprecedently large amounts of capital from Japan to the US. Figures just published by the Japanese Ministry of Finance indicate that net Japanese purchases of foreign securities last year doubled to $100.1bn. Of this amount, net bond purchases accounted for $93bn, and most of them were US government bonds.

The US need for funds is well understood. However, there is also considerable pressure on the Japanese side. Japan is unaccustomed to having surplus capital, so there are relatively few ready investment opportunities in the country, and institutions are forced to seek overseas outlets. Also, unless the country exports its surplus capital, the yen will continue to rise, thus undermining further the international competitiveness of Japanese industry.

For most of the past year or so, the flows have moved remarkably smoothly. Most Japanese institutional investors have been pleased with the relatively high yields available on US bonds compared with those in the Japanese market.

Until recently, there has been surprisingly little complaint about the sharp and continuing decline of the dollar. At first glance, it would seem that Japanese investors must have already taken a terrible beating on the dollar's fall. In fact, however, the damage has been kept to a minimum by the strong rally in the US bond market and by the yield differential.

Still, the latest slide of the dollar—and predictions that it would fall this year to Y140 or even less—did rattle Tokyo's institutional investors. And unless stability is restored to the exchange markets, there will probably be more scare stories about Japanese investor boycotts in the run-up to future US Treasury bond auctions—even if they are just stories.

Hoogovens builds aluminium side

BY LAURA RAUN IN AMSTERDAM

HOOGOVENS, the Dutch steelmaker, has agreed in principle to take over the European activities of Kaiser Aluminum & Chemical of the US, in an attempt to diversify away from its heavy dependence on steel activities.

No purchase price was disclosed for Kaiser Aluminum Europe, which is Dusseldorf-based and employs 2,700 people in West Germany, Switzerland and Belgium.

The purchase is in line with the Dutch company's strategy of strengthening its aluminium activities through acquisition of companies that produce high quality products. Alumined, which groups Hoogovens' aluminium activities, posted a small profit on sales of Fl 1.1bn ($530.1m) last year

Kaiser's European operations have been profitable although the group as a whole incurred losses last year. Towards the end of 1986 Mr Alan Clore, the British investor who now owns 30 per cent of Kaiser, agreed to inject $140m in new equity and take a management role. The moves form part of a restructuring plan.

Kaiser's strength in markets such as the aircraft industry is seen as complementing Hoogovens' presence in other product markets as well as in primary production.

The two companies expect to sign a letter of intent during the next 30 days. The deal has already been approved by Hoogovens' supervisory board but still requires clearance from governmental agencies.

The dismal outlook for the steel industry, which is plagued by slumping prices and production overcapacity, ha led Hoogovens to warn of sharply lower profits for 1986 and a possible loss this year. The more promising prospects for aluminium, particularly high value added products, played a key role in the Kaiser deal, which would leave Hoogovens as one of Western Europe's four leading producers of rolled and extruded aluminium products.

SEbanken profits soar by 87%

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SKANDINAVISKA Enskilda Banken, the leading Swedish banking group, increased its operating profits by 87 per cent in 1986, a record year for Sweden's banking sector.

It also announced yesterday that it is to cut its holding in the London-based Scandinavian Bank from 33 to 14 per cent in connection with Scandinavian Bank's planned listing and share issue in the spring. The disposal of the 19 per cent stake could raise around SKr 250m.

At the same time SEbanken is planning to establish its own branch in London before the end of the year. Swedish regulations have been liberalised with effect from January 1 to allow Swedish banks to establish branches as well as subsidiaries abroad, even though foreign banks can still operate only with subsidiaries in Sweden.

Mr Curt Olsson, chairman of SEbanken, is to resign as chairman of Scandinavian Bank and will be replaced by Mr Egil Gade Greve, chief executive of Bergen Bank of Norway.

The SEbanken group's operating profits jumped to SKr 4.19bn from SKr 2.24bn a year earlier. At the same time the profits of the parent bank rose by 110 per cent to SKr 3.36bn.

The group's income rose by 40 per cent to SKr 9.15bn, while costs increased by 13 per cent to SKr 4.44bn. Loan losses and provisions rose by SKr 105m to SKr 523m.

The big jump in profitability allowed the bank to make record appropriations to untaxed reserves of SKr 2.56bn.

Chrysler in talks over Lamborghini

By Alan Friedman in Milan

CHRYSLER, the US car group is holding talks in Italy which could lead to the acquisition of shareholding control of Lamborghini, the tiny Bologna-based maker of luxury high performance cars.

Mr Giulio Alfieri, a Lamborghini executive, said last night that the Chrysler-Lamborghini negotiations ranged from prospects for a jointly produced car model to the possibility of the US car group buying an equity stake in the Italian company. The equity acquired could even give Chrysler eventual control of Lamborghini, Mr Alfieri said

Mr Alfieri said that he did not know how far talks had progressed as of yesterday. Lamborghini is controlled by the Mimran family and other private shareholders.

Chrysler has already demonstrated a certain interest in buying into Italian sports car makers. The US group recently increased its minority shareholding in Maserati, the Modena-based luxury car maker, and Maserati is building a model which Chrysler will market in the US.

The Cadillac division of General Motors, meanwhile, has also decided to market an Italian-made high-performance car, the Allante, which is being partly built by Pininfarina, the Turin-based designer.

Banque Paribas to advise on BIMP privatisation

BY GEORGE GRAHAM IN PARIS

FRESH FROM its success in handling its own parent company's privatisation, Banque Paribas has been named to advise the French Government on the privatisation of Banque Industrielle et Mobiliere Privee (BIMP).

BIMP, whose offer or sale is expected in April, will be advised by Paribas's arch rival in the French merchant banking sector, Banque Indosuez.

Indosuez has also won another privatisation mandate, to advise the Government on the sale of Credit Commercial de France, which will be the first major network bank to move to the private sector. Indosuez will be helped by Morgan Guaranty of the US.

CCF will handle its own offer for sale, helped by the London merchant bank Kleinwort Benson, a veteran of the UK privatisation campaign which also worked with CCF on the flotation of Saint-Gobtain.

To advise it on the privatisation of Banque du Batiment et des Travaux Publics, expected in mid-March, the Government has chosen the bank CIC-Paris.

Three firms of auditors have been chosen for the privatisations: Cabinet Constantin for BIMP, Societe Francaise d'Audit et d'Expertise for BBTP, and Cabinet Secor-Audit for CCF.

Singapore share issue 118.7 times subscribed

BY STEVEN BUTLER IN SINGAPORE

A MASSIVE oversubscription, by 118.7 times, has greeted the first issue on Singapore's new second tier stock market, the Stock Exchange of Singapore Dealing and Automated Quotation System (Sesdaq).

Singapore investors put up a total of S$534m (US$249.4m) to buy 4.5m shares of Singapore National Printers. The shares were offered for S$1 each.

Market analysts said the enthusiasm for the issue reflected renewed interest in equities in Singapore and the strong rally on the main board, the Stock Exchange of Singapore.

Singapore National Printers is seen as a solid, if unexciting, company that has prospered from a monopoly on government printing jobs. The price/earning ratio, at about 15, is roughly half of the market average.

GE gives away research centre

BY WILLIAM HALL IN NEW YORK

GENERAL ELECTRIC, the US consumer and industrial products group which took over RCA last year, is donating its 60-acre RCA David Sarnoff Research Centre in Princeton, New Jersey, to California-based SRI International, one of the world's largest research organisations.

The move solves the problem for General Electric of what to do with a major research facility which was surplus to its requirements following the takeover. It also marks a major expansion for SRI, an independent not-for-profit institution.

General Electric has agreed to fund $250m in research contracts at the centre over the next five years and SRI has agreed to employ 900 of its 1,200 employees.

General Electric, which recently expanded its 2,000 employee research centre in Schenectady, New York, said it would not have been financially prudent to continue to operate both facilities.

SRI International was founded 40 years ago as the Stanford Research Institute by Stanford University and describes its basic mission as encouraging innovation and helping businesses and governments deal with the opportunities and challenges posed by scientific and technological advances.

SRI employs 2,700 employees in about 60 laboratories and centres of excellence and conducts more than 2,000 research and consulting projects each year wich generate annual revenues of more than $200m.

The David Sarnoff Research Centre made its name in electronics—especially for its development of the all-electronic, compatible, colour television system now used in the US, Canada, Japan, and Latin America.

Fairfax buys TV station from HWT

By Our Financial Staff

THE SHAKE-UP in Australian media ownership drew to a head yesterday when the Melbourne-based Herald and Weekly Times (HWT), after a board meeting which lasted several hours, agreed on purchasers for its broadcasting interests.

As a result, the way has been cleared for Mr Rupert Murdoch's News group to take over HWT in a bid valued at up to A$2.3bn (US$1.54bn). He is already entitled to some 60 per cent of the company, but had been hampered by legal and regulatory challenges to the deal on grounds of his US nationality.

John Fairfax—publisher of the Sydney Morning Herald and Melbourne Age—last night terminated its rival offer for HWT in return for the main consolation prize in the current assets reshuffle. It is to pay A$320m for HSV-7, the Melbourne television station which HWT put up for sale on Wednesday.

This is A$50m more than Fairfax had offered in a bid disclosed earlier that day, a move which prompted HWT to put its electronic media interests out to tender. Rather than accept either the Fairfax bid or a programme of disposals to agreed third parties proposed by Mr Murdoch, HWT set in train a frenetic round of bids and enquiries from other interested investors.

The principal loser appeared to be Mr Robert Holmes à Court, the Perth-based financier who at Mr Murdoch's instigation was originally to buy the channel for A$260m, combining it with his two existing outlets to forge a mini domestic network.

Mr John Dahlsen, HWT chairman, said that the tender had also resulted in an agreement to sell its ADS-7 television station in Adelaide to a company linked with Mr Kerry Stokes, another West Australian entrepreneur, which will also buy four radio stations.

That package will cost A$130m, with the proceeds to be shared among HWT and two associated companies—Television Broadcasters and Advertiser Newspapers—through which most of the businesses are held.

Pernod Ricard to take over Cooymans

By Our Paris Staff

PERNOD RICARD, the leading French drinks group, is negotiating to buy Cooymans.

Founded in 1829, the family-owned company has three production plants and nearly half of the Dutch liquer market, mainly under the Cooymans and De Korenaer brand names. Its turnover is around FFr 450m ($37m) a year.

Pernod said yesterday that the purchase should be completed in the next few days, subject to the financial audit now under way and to the approval of the French and Dutch authorities.

The French group, best known for the aniseed-flavoured pastis drink beloved of the boules players, has already spread its European sales network through its subsidiary SEGM. It includes Parkington in the UK, Ramazzotti in Italy, IGM Deutschland in West Germany, Perisem in Switzerland and Prac in Spain.

Besides liqueurs, Cooymans claims 7 per cent of the Netherlands spirits market, 10 per cent of the fortified wines market and half of the fruit-wine market. It also has a chain of 60 retail outlets focussed on south-eastern Holland.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986/87 High	1986/87 Low
METALS					
Aluminium					
Free Market c.i.f.	$1300/320	+10	$1180/1200	$1400/1450	$1150/1170
Antimony					
Free Market 99.6%	$2350/300	−50	$2680/2750	$2720/2780	$2300/2350
Copper-Cash Grade A	£892.75	+9.35	£1008.5	£1028.5	£862.25
3 months Grade A	£912.75	+6.75	£1037.75	£1059.25	£881.25
Gold per oz	$403.25	−1.125	$349.625	$439.375	$327.5
Lead Cash	£314.5	+21.25	£261.5	£376.5	£233.5
3 months	£312.25	+16	£273.5	£337.5	£241.25
Nickel					
Free market	163/185c	—	177/197c	196/216c	158/177c
Palladium	$122.50	+0.10	$104.35	$151.00	$95.25
Platinum per oz	$520.25	+2.75	$370.00	$673.75	$542.50
Quicksilver (76 lbs)	$165/175	+10	$210/230	$250/260	$116/125
Silver per oz	368.35p	+5.60	431.90p	452.10p	317.70p
3 months per o.z.	377.95p	+5.50	444.45p	466.20p	326.60
Tin					
Free market	£4,500/550	−15	‡	£5900/6250	£3,420/450
Tungsten Ind	$44.51	+1.33	$63.71	$69.74	$41.44
Wolfram (22.04 lb)	$39/45	−1	$56/63	$56/63	$32/42
Zinc cash	£492.5	+16	£451.5	£632.5	£409
3 months	£484.62	+10.12	£462	£621.75	£419.25
Producers	$770/790	—	$660/700	$920	$650/670
GRAINS					
Barley Futures May	£116.05	+1.25	£118.00	£118.80	£96.60
Maize French	£143.50z	—	£141.00	£154.00	£130.00
WHEAT Futures May	£118.50	+0.80	£120.25	£121.45	£98.30
SPICES					
Cloves	$3,750	—	$4900	$5,100	$3,900
Pepper white	$5,825	+225	$6300	$6,725	$4,600
black	$4,800	+100	$4100	$4,700	$3,600
OILS					
Coconut (Philippines)	$445y	—	$345	$470	$200
Palm Malayan	$390v	—	$315	$405	$197
SEEDS					
Copra (Philippines)	$295	—	$230	$300	$140
Soyabeans (U.S.)	$144	+2	$226.5	$229.8	$137.5
OTHER COMMODITIES					
Cocoa Futures May	£1357.5	+6	£1734.5	£1,804.5	£1,264.5
Coffee Futures May	£1587.5	−50	£3227.5	£3,007.5	£1,547.5
Cotton Outlook A Index	66.30c	+1.3	64.20c	67.20c	36.35c
Gas Oil Fut. Mar.	$115.25	−5.25	$177.5	$232.75	$90.75
Jute LJA BWC grade	$320	—	$315	$320	$215
Rubber kilo	66.75p	+0.75	60p	68p	54p
Sisal No. 3L	$610	—	$595	$625	$590
Sugar (Raw)	$183y	−0.5	$139.5	$222.5	$115
Tea (quality) kilo	170p	—	185p	202p	170p
(low med) kilo	92p	−6	112p	136p	80p
Wooltops 64s Super	418p kilo	+3	425p Kilo	429p kilo	387p kilo

† Unquoted. (g) Madagascar. (x) Jan-Feb. (y) Feb-March.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	803-4	+1.0	802/800
3 months	812-2.5	+3.0	814/809

Official closing (am): Cash 800-1 (810-10.5), three months 810-0.5 (817-7.5), settlement 801 (810.5). Final Kerb close: 813-4. Turnover: 10,350 tonnes.

COPPER

Grade A	Unoffic'l close	+ or −	High/Low
Cash	892.5-3	+9.0	895.5/892
3 months	912-2.5	+7.0	915/905

Official closing (am): Cash 885.5-6 (884.5-5), three months 905.5-6 (905-5.5), settlement 886 (885). Final Kerb close: 912.5-3.

Standard			
Cash	870-2	+9.5	—
3 months	892-4	+8.25	—

Official closing (am): Cash 866-7 (861-1.5), three months 888-90 (885-6), settlement 867 (861.5). US Producer prices: 63.50-67.00 cents a pound. Total Turnover: 21,375 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	314-5	+0.5	316/315
3 months	312-2.5	+3.5	314/308

Official closing (am): Cash 315.5-6 (311-2), three months 312-3 (306-6.5), settlement 316 (312). Final Kerb close: 313-4. Turnover: 8,175 tonnes. US Spot: 24.00-27.00 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2380-90	+29.5	2385/2380
3 months	2426-30	+25.5	2431/2420

Official closing (am): Cash 2,375-80 (2,375-6), three months 2,420-5 (2,422-3), settlement 2,380 (2,376). Final Kerb close: 2,428-30. Turnover: 612 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	492-3	+6.0	491.5/491
3 months	484.5-4.75	+3.93	485.0/478

Official closing (am): Cash 491-1.5 (491-2), three months 485-5.5 (484-5), settlement 491 5 (492). Final Kerb close 484 5-5. Turnover: 8,325 tonnes. US Prime Western, 38.50-44.00 cents per pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 17.02 (17.10) ringgit per kg. Down 0.08. ringgit per kg.

GOLD

Gold rose $4 an ounce from Thursday's close in the London bullion market yesterday to finish at $403-403½. The metal opened at $402-402½ and traded between a high of $404-404½ and a low of $402-402½, the opening level. Trading was a little erratic with the market again unsure as to which side of $400 the metal was likely to be established.

GOLD BULLION (fine ounce) Feb. 6		
Close	$403-403½	(£267-267½)
Opening	$402-402½	(£266¾-267¼)
M'n'g fix	$402.70	(£266.477)
Aft'n'n fix	$402.60	(£267.012)

GOLD AND PLATINUM COINS		
Am Eagle	$416-421	(£275¾-279)
Mapleleaf	$412¾-417	(£273½-276¼)
Kr'g'r'nd	$404-407	(£267¾-269¼)
½ Krug	$204½-205½	(£135½-136¼)
¼ Krug	$103½-104½	(£68½-69½)
Angel	$412½-415½	(£273¼-275¼)
1/10 Angel	$41-46	(£27¼-30½)
New Sov.	$96½-98	(£64-65)
Old Sov.	$96¼-97¼	(£63¾-64½)
$ 20 Eagle	$450-530	(£299¼-351¼)
Noble Plat	$535-545	(£354½-359¾)

SILVER

Silver was fixed 5.9p an ounce higher for spot delivery in the London bullion market yesterday at 368.35p. US cent equivalents of the fixing levels were: Spot 556.4c, up 6.9c; three-months 564.6c, up 6.65c; six-month 573.3c, up 6.85c; and 12-month 589.6c, up 6.7c. The metal opened at 367-368½p (553-555c) and closed at 367-368½p (554-556c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	368.35p	+5.90	367p	+8.5
3 months	377.95p	+5.70	377p	+8.5
6 months	387.60p	+5.95	—	—
12 months	406.35p	+6.00	—	—

LME—Turnover: Nil (24) lots of 10,000 ounces.
Three months final kerb 376-8p.

INDICES

REUTERS

Feb. 5	Feb. 4	M'th ago	Year ago
1611.4	1609.7	1631.4	1854.0

(Base: September 18 19931 = 100)

DOW JONES

Dow Jones	Feb. 5	Feb. 4	M'th ago	Year ago
Spot	115.48	115.45	—	128.82
Fut	117.09	117.16	—	127.04

(Base: December 31 1931 = 100)

SOYABEAN MEAL

	Y'sterd'ys close £ per tonne	+ or −	Business done
Feb	130.0-135.0	−1.50	132.0-130.0
April	127.5-128.0	+0.25	—
June	118.5-119.0	−0.25	119.0-
August	114.8-115.0	+0.25	115.0-114.5
October	116.0-116.5	−0.10	116.5
Dec	118.5-119.0	−0.05	—
Feb	120.0-121.0	−0.50	—

Sales: 270 (123) lots of 20 tonnes.

COCOA

In relatively light volume futures traded at unchanged levels throughout the morning but moved to the highs of the day late in the afternoon, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or −	Business done
March	1327-1329	+6.5	1330-1319
May	1357-1358	+4.0	1360-1350
July	1388-1389	+3.0	1389-1380
Sept	1412-1413	+3.0	1415-1406
Dec	1436-1440	+6.5	1459-1430
March	1462-1468	+6.5	1466-1457
May	1480-1488	+4.0	1489-1479

Sales: 2,788 (2,449) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for February 6: 1,544.82 (1,538.56): five-day average for February 9: 1,528.61 (1,526.70).

COFFEE

During another quiet session most of the activity centred around light commission house business, reports DBL. With the market still unable to break its recent range traders were reluctant to participate.

COFFEE	Yesterday: close	+ or −	Business Done
Mar.	1575-1589	+3.0	1590-1562
May	1585-1590	−5.0	1608-1575
July	1598-1600	−9.5	1625-1698
Sept.	1625-1630	−7.5	1655-1638
Nov.	1652-1658	−12.5	1674-1650
Jan.	1660-1690	−25.0	—
Mar.	1670-1710	−25.0	—

Sales: 3,670 (3,062) lots of 5 tonnes. ICO indicator prices (US cents per pound) for February 5: Comp. daily 1979 118.00 (117.78); 15-day average 117.94 (117.78).

SUGAR

LONDON DAILY PRICE—Raw sugar $183.00 (£121.00), down $3.00 (down £2.00) a tonne for February-March delivery. White sugar $200.00, down $4.00.

No. 6 Contract	Y'sterdy's close	Previous close	Business done
	$ per tonne		
Mar	166.0-166.2	170.2-170.4	174.4-165.8
May	170.4-170.6	174.2-174.4	178.5-170.0
Aug	173.4-173.6	176.6-177.0	179.4-173.5
Oct	175.2-175.8	179.8	181.8-175.2
Dec	176.0-177.0	182.6-185.0	—
Mar	181.0-182.6	185.4-186.4	187.0
May	184.0-186.0	189.6-194.0	—

Sales: 2,538 (3,553) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £226.00 (£228.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for February 5: Daily price 7.38 (7.55): 15-day average 7.12 (7.05).

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Mar	117.30	+0.05	114.50	+1.45
May	118.50	−0.15	116.05	+0.35
July	121.25	−0.10	—	—
Sep.	100.25	−0.45	99.50	−0.50
Nov.	102.45	−0.35	102.35	−0.60
Jan.	105.45	−0.35	105.15	−0.50
Mar.	107.70	−0.65	107.35	−0.55

Business done—Wheat: March 117.30-6.95, May 118.70-8.35, July 121.30-1.20, Sept 100.55-0.25, Nov 102.60-2.45, Jan 105.65, March 108.25-8.00. Sales: 422 lots of 100 tonnes. Barley: March 114.85-4.20, May 116.00-5.90, Sept 99.65-9.60, Nov 102.35-2.30, Jan 105.15, March untraded. Sales: 110 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: March 105.75, April/May 101.75. US No 2 Soft Red Winter: March 108.75. French 11½-12 per cent: Jan 141.75. English feed, fob: Feb 121.00 seller, March 121.50-122.00, April/June 123.00-123.50 buyer/sellers. Maize: US No 3 Yellow/French transhipment East coast: 1st-half Feb 143.50. Barley: English feed: fob: Feb 117.50-118.00 buyer/sellers.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 113.00, E. Midlands 113.40, N. East 113.60,

The UK monetary coefficient for the week beginning Monday February 16 (based on HGCA calculations using three days' exchange rates) is expected to change to 1.314.

POTATOES

Following a weak Dutch quote in both physicals and futures, the London market opened £2.00 down. Despite early support for the April position, selling pressure eased values as Holland weakened further. Profit-taking and book-squaring caused a recovery from the lows. The Dutch export figure announced after the close was 24,000 tonnes, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	110.00	109.90	—
Apr	154.00	156.50	154.80-155.00
May	179.90	182.50	181.00-178.50
Nov.	88.00	89.00	88.00-87.00
Feb.	97.00	97.50	—

Sales: 1,037 (804) lots of 40 tonnes.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
April	762/767	765/760	754/758
July	656/658	658/655	645/647
Oct.	755/758	757	742/745
Jan.	763/766	—	745
Apr.	794/800	—	790/800
July	660	—	670
Oct.	770	—	780
Jan.	830	—	825
BFI.	855	—	856.5

Turnover: 89 (118).

RUBBER

PHYSICALS—Closing prices (buyers): Spot 66.75p (66.25p): March 65.00p (64.50p): April 65.00p (64.50p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 230 (229) and SMR 208.5 (209.5).

FUTURES—Index 666, March 680-690, April 682-692, April/June 685-695, July/Sept 695-705. Sales: Nil.

OIL

March Brent traded thinly either side of $18 and at a premium of 10c over April: Some two dozen February-dated North Sea cargoes have been placed this week. March WTI opened 4c down on Nymex and traded 9c down at 1.30 pm EST. In the petroleum products market all products firmed on the back of Nymex except fuel oil which weakened on lack of buyers—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Feb.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.90-17.05*	+0.10
Brent Blend	18.00-18.10	+0.075
W.T.I. (1pm est)	18.45-18.50*	−0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	171-175	+2
Gas Oil	155-157	+2
Heavy fuel oil	85-87	−2
Naphtha	159-161	+7

*March

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or −	Business Done
Feb	154.50	+1.50	155.25-55.50
Mar	155.25	+1.50	156.25-54.00
Apr	154.50	+1.75	155.50-53.25
May	151.00	+1.25	152.25-50.50
June	151.00	+2.00	—
July	148.00	+0.50	—

Turnover: 4,428 (3,711) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
Feb	91.75	+0.75	—
Mar	93.00	+1.00	93.00
Apr	92.25	+2.25	—

Turnover: 3 (14) lots of 100 tonnes.

US MARKETS

IN SURPRISINGLY lack-lustre trading for a Friday the metal futures were mostly under pressure from light speculative selling in the face of equally light trade buying. Gold futures was generally dominated by the locals, whilst in silver rolling of small positions in February to the March contract was noted. Copper futures, although opening lower, featured trade buying, while in platinum the trade was noted as a seller. Crude oil futures were similarly quiet with speculative selling in the face of good mixed support holding the market in a narrow range for much of the day. Sugar futures initially rose on commission house buying but trade price-fix selling touched off heavy stops to reverse the day's trend before scale trade buying supported prices. Trade selling in cotton futures touched off commission house stops as the market moved to nearly limit-down on reports that a sizeable overseas cotton order was cancelled. The grains were exceptionally quiet. Wheat futures firmed on reports of a possible tender by China this weekend under the US export programme. Cattle futures moved lower as selling continued following this week's inventory report and as both the beef trade slowed and live movement was reported good. Hogs and pork bellies fell in sympathy with cattle.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	53.90	54.30	—	—
March	53.95	54.35	54.00	53.95
May	53.95	54.35	—	—
July	53.95	54.35	53.95	53.95
Sept	53.95	54.35	—	—
March	54.30	54.70	—	—
May	54.40	54.80	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
March	1839	1828	1841	1820
May	1877	1864	1880	1858
July	1905	1895	1910	1888
Sept	1933	1919	1930	1920
Dec	1957	1947	1942	1940
March	1990	1978	1990	1970
May	2015	1996	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
March	126.54	125.91	126.90	125.10
May	128.25	128.40	129.20	127.80
July	130.18	130.43	131.25	130.10
Sept	132.01	132.26	133.00	132.50
Dec	134.45	134.50	135.75	135.00
March	135.50	135.87	136.55	136.25
May	135.99	136.36	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
Feb	60.65	60.65	—	—
March	60.90	60.90	61.00	60.55
May	61.45	61.45	61.50	61.05
July	61.95	62.00	62.00	61.60
Sept	62.45	62.45	62.45	62.20
March	63.80	63.80	—	—
May	64.10	64.10	—	—
July	64.40	64.40	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
March	18.49	18.58	18.60	18.43
April	18.45	18.54	18.56	18.38
May	18.37	18.42	18.45	18.28
June	18.23	18.25	18.29	18.14
July	18.07	18.09	18.10	17.97
August	17.99	18.00	18.00	17.95
Sept	17.95	17.92	17.95	17.90
Oct	18.00	17.90	18.00	18.00
Dec	18.00	17.98	18.03	18.00

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
March	7.43	7.61	7.79	7.39
May	7.65	7.84	7.98	7.64
July	7.75	7.90	8.06	7.75
Sept	7.78	7.87	—	—
Oct	7.84	7.99	8.12	7.84
March	8.15	8.32	8.42	8.15

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	404.1	404.8	404.5	402.0
March	405.3	406.1	—	—
April	407.4	408.2	407.5	405.3
June	411.3	412.0	411.5	409.1
August	415.1	415.8	414.8	413.0
Oct	418.7	419.4	418.0	417.0
Dec	422.4	423.1	422.0	420.5
Feb	426.3	427.0	425.3	425.3
June	434.1	434.8	—	—
Dec	447.1	447.8	445.5	445.5

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
March	54.77	56.05	56.40	54.30
May	53.90	55.25	54.40	53.40
July	53.55	54.90	54.15	53.25
Oct	53.10	54.45	54.00	53.10
Dec	52.93	54.07	53.70	52.80
March	53.46	54.60	54.00	53.35

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Feb	553.8	556.1	—	—
March	556.0	558.5	558.5	554.0
May	561.9	564.3	564.0	560.0
July	567.9	570.2	570.0	567.0
Sept	574.0	576.3	576.0	576.0
March	591.8	594.0	592.5	592.0
May	598.1	600.3	—	—
July	604.7	606.9	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
March	50.20	51.02	50.85	50.10
April	49.90	50.47	50.59	49.60
May	49.20	49.50	49.70	48.80
June	48.60	48.70	48.85	48.15
July	48.75	48.70	48.75	48.50
August	49.00	49.10	—	—
Sept	49.75	49.85	49.75	49.75

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	122.50	123.50	124.00	122.50
May	124.30	125.00	125.50	124.20
July	125.50	126.00	126.35	125.00
July	125.50	126.00	126.35	125.50
Sept	126.25	126.70	127.00	126.25

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	523.6	522.6	—	—
April	525.6	524.6	526.0	520.0
July	528.7	527.9	528.0	524.5
April	540.6	540.0	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	62.82	63.72	63.90	62.52
April	62.67	63.30	63.75	62.55
June	60.45	61.05	61.30	60.25
Aug	58.40	58.77	58.80	58.10
Oct	57.30	57.65	57.85	57.05
Dec	57.50	57.60	57.90	57.20
Feb	57.00	57.40	57.50	57.00

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
Feb	50.75	50.40	50.90	50.05
April	45.27	45.20	45.70	44.90
June	46.92	47.00	47.50	46.75
July	47.10	46.92	47.45	46.70
Aug	43.95	43.90	44.40	43.90
Oct	40.22	40.10	40.40	40.05
April	38.40	38.32	38.50	38.40

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
March	154.6	155.2	155.6	154.4
May	161.2	161.4	162.2	160.6
July	165.2	165.4	166.4	164.6
Sept	167.4	168.2	169.0	167.4
Dec	171.4	172.2	172.6	171.0
March	179.0	179.4	180.0	178.2
May	181.4	183.0	183./	181.2

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
March	492.2	493.0	494.2	491.4
May	492.4	492.6	494.0	491.2
July	491.4	492.2	493.0	490.4
Aug	490.0	490.4	490.4	489.0
Sept	481.0	481.0	482.0	480.0
Nov	478.6	479.0	480.0	477.4
Jan	485.0	485.0	486.0	484.2
March	491.4	492.0	491.4	489.4
May	495.4	495.4	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	145.5	145.9	146.0	145.2
May	140.5	140.9	141.0	140.1
July	138.3	138.8	139.9	137.8
Aug	137.8	138.3	138.5	137.5
Sept	137.1	137.5	138.3	137.0
Oct	136.1	136.3	136.5	136.0
Dec	136.9	137.4	137.5	136.8
Jan	137.8	138.2	137.8	138.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
March	16.21	16.23	16.31	16.10
May	16.52	16.56	16.64	16.42
July	16.82	16.85	16.95	16.72
Aug	16.90	16.94	17.05	16.83
Sept	17.07	17.05	17.10	16.93
Oct	17.05	17.07	17.10	16.93
Dec	17.20	17.20	17.27	17.07
Jan	17.15	17.10	17.30	17.15

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
Feb	68.25	67.25	69.25	67.25
March	65.92	65.55	66.95	65.10
May	65.27	64.92	66.30	64.70
July	63.80	63.35	64.60	63.00
August	61.37	61.10	62.00	60.60

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
March	288.0	286.4	289.4	284.2
May	274.4	271.4	275.4	270.4
July	257.0	253.6	258.0	252.6
Sept	256.4	253.0	257.0	252.0
Dec	262.6	259.4	263.0	261.4
March	288.0	286.4	289.4	284.2

SPOT PRICES — Chicago loose lard 14.00 (same) cents per pound. Harv and Harman silver bullion 554.0 (547.5) cents per troy ounce.

WALL STREET

Narrowly mixed in early trade

A NARROWLY mixed trend prevailed on Wall Street yesterday, when profit-taking cut into the *Blue Chip index*, which has posted strong gains this week, managing to pass the 2,200 level *Thursday*.

By 1 pm the Dow Jones Industrial Average was off 1.69 at *2,199.80, reducing its rise on* the week to 41.76, while the NYSE All Common index, at $160.45, rose 9 cents on the day and $4.34 on the week. Advances led declines, however, by a six-to-five margin in a volume of 148.37m shares.

Charles Jensen, of MKI Securities, said: "The Transports, which are certainly beneficiaries of any strength in the economy, may be drawing some fuel from a slight rise in the number of non-farm payroll jobs. The Labor Department reported that non-farm payroll jobs rose 448,000 in January, the biggest jump since February 1984.

The broader market demonstrated that there is still a lot of buying interest.

Transports, led by Airlines, posted strong gains for the third day in a row. UAL rose $2¾ to $58¼. Delta $1¼ to $61⅛ and NWA $1⅛ to $69½.

Burlington Northern, a Railroad that is also a component of the Transportation index, gained $2 to $67.

The Transport index was up 9.57 to 926.96, for a rise of 52.08 on the week.

The Auto stocks, big gainers in Thursday's market, posted sharp declines yesterday after analyst Michael Luckey, of Shearson Lehman Brothers, downgraded his recommendation of the group saying the stocks are "overpriced" compared with their earnings estimates. GM gave way $2½ to $77½, Ford $2½ to $77¾ and Chrysler $1⅜ to $48⅞.

THE AMERICAN SE Market Value index moved up 2.55 to *317.53, making a rise of 17.06 on* the week. Volume 12.95m shares.

Closing prices for North America were not available for this edition

CANADA

Stocks further advanced, despite lack of momentum on Wall Street.

The Toronto Composite index gained 20.7 to 3,535.90 in just the *third* session after passing the 3,400 level. The Oil and Gas index put on 60.9 to 3,648.9 and *Golds* 48.5 *to* 6,351.1.

Domtar came back $⅝ to $48, despite 1986 share profit increased *to* $3.20 *from* year-ago $2.70.

Brewer Carling O'Keefe fell $⅝ to $14⅝—*it* said *it* was in talks with a private US energy company to sell wholly-owned Star Oil and Gas.

TOKYO

Shares *fell* in dull trade as investors readied themselves for Monday's listing of Nippon Telegraph and Telephone. Investors took profits to buy NTT and related issues likely to advance next week, brokers said.

The Nikkei Dow market average closed 126.25 down at 19,668.83, extending Thursday's 178.79 loss. Declines outpaced advances seven-five in turnover of 870m (1.9bn) shares.

HONG KONG

Sharply higher on late buying support which sent the Hang Seng index to a record high of 2,673.57, up 21.43—the third consecutive record. The Hong Kong index rose 10.94 to 1,713.37. Turnover HK$1.48bn (HK$1.6bn).

Brokers said the market's resilience encouraged late buying, particularly of blue chips, after the index fell 15 points in morning trading on profit-taking.

Attention was focused on two stocks which made their debuts. K Wah Stones, whose initial offering was 220 times oversubscribed, closed at HK$2.20 against the HK$1.18 subscription price. Investment group Keady, 97 per cent owned by New Zealand's Equiticorp group, ended at HK$2.15, compared with a net asset value of 10 cents.

SINGAPORE

Lower over a broad front on profit-taking in *fairly active* trading.

The Straits Times Industrial index shed 5.28 to 965.98 and the SE All Share index 0.87 to 294.29. Turnover 33.7m (41.1m) shares.

Brokers said there was some nervousness over market rumours of financial problems at Malaysia's Paper Products Bhd, in which trading was suspended yesterday.

GERMANY

Leading German shares firmer as the higher dollar sparked a technical reaction to recent heavy selling.

Dealers said trading was hectic, with prices fluctuating during the session but most showing net gains on the day.

The Commerzbank index of 60 leading shares rose 55.7 to 1,733.3.

Foreign investors, who had been behind the heavy selling of the past few weeks, returned to markets looking for bargains, and encouraged by the stronger dollar, which has taken the pressure off German exporters.

This buying set off a long overdue technical reaction to the recent sustained heavy losses, dealers said. But it is not yet certain whether markets have turned round, they added.

In Retailers, **Kaufhof** fell DM 19 to 456—this week it announced a one-for-12 rights issue.

SWITZERLAND

Domestic stocks generally firmer as a sharply higher dollar helped to stop a week-long downward trend.

Fresh buying emerged after a wave of foreign selling had receded, one trader noted, adding, however, that domestic institutional investors had not yet returned to markets.

Generally firm Insurances were led by the certificates of **Baloise** and **Zurich**, the Baloise certificate moving up *125 to 3,275.*

AUSTRALIA

Firm but just off the day's high, supported by continued interest in media stocks and late demand for blue chips.

Media stocks took centre stage as the Herald and Weekly Times board met in Melbourne to consider tenders *for its* electronic media interests. Elsewhere, selected industrials lost ground as investors took *profits* after three days of gains. Brokers said markets had almost recovered the losses *sustained* during last week's correction.

The All Ordinaries index was up 5.8 at 1,539.2, the *All Industrials* 7.8 at 2,427.8, All Resources 4.3 at 865.4, Gold index 16.7 at 2,013.5, Oil and Gas 7.5 *at* 677.8, and Metals and Minerals 3.4 at 766.6. National turnover 146.8m shares worth A$211.6m *with* rises outnumbering falls 365-to-263.

Overseas interest was strong, particularly in **Elders IXL**, **Pacific Dunlop** and the larger mines, accounting for some A$34.4m of national turnover.

John Fairfax were 30 cents higher at A$15, after A$15.30 amid speculation it may be the next takeover target in the media sector.

HWT *gained* 20 *cents* to A$15.20 and Advertiser Newspapers 12 cents to A$6.52. News Corp rose 40 cents to A$17.90 after touching A$18.20 on news that British print unions had voted to end their year-long battle with Rupert Murdoch over his high-technology printing plant at Wapping.

Elders IXL shed 6 cents to A$5.04 on profit-taking with turnover of more than 3.4m shares taking the issue's turnover this week to 19m.

Blue Circle Southern Cement lost 30 cents to A$5.70 after BHP and Blue Circle Industries accepted Boral's A$5.75 a share offer for their combined 82 per cent stake. Boral dipped 12 cents to A$4.62.

Golds were mostly firmer, with Niugini advancing 36 cents to A$5.36.

PARIS

French shares remained firm in late trading, extending Thursday's recovery and boosted by the record close on Wall Street Thursday.

Business was brisk but volume traded was slightly less than the FFr 1.77bn-worth of main-market shares traded Thursday. Gains led declines by around 10-to-7

NEW YORK

Stock	Feb. 5	Feb. 4	Stock	Feb. 5	Feb. 4	Stock	Feb. 5	Feb. 4	Stock	Feb. 5	Feb. 4
Central & SW	37⅝	38	Goodrich (BF)	51¼	51¼	Millipore	38⅛	37¾	Rubbermaid	27⅝	27⅛
Certain-Teed	38½	36⅞	Goodyear Tire	49⅞	48⅛	Minnesota Mine	129	129⅛	Ryan Homes	46⅞	46¾
Champ Home Bld	1¾	1¾	Gould	19¾	19	Mitchell Energy	13⅞	13¼	Ryder System	38¼	38⅝
Champ Int.	38¼	38⅞	Grace	54⅞	54¼	Mobil	45⅝	45⅜	Rymer	21⅝	21⅝
Champion Spark	12	11⅞	Grainger (W. W.)	49	49⅞	Mohasco	28	27⅝	SPS Tech	41½	41
			Gt. Atl. Pac. Tea	27⅛	27⅛	Moex	56¾	56¾	Sabin Court	16⅜	16⅞
			Gt. Nthn. Nekoo.	86¾	86½	Monarch M/T	17⅞	17¾	Safeco	57¼	56
Charter Co.	3⅜	3⅜	G. West Financl.	48½	46⅝	Monolithic Mem.	18	17⅝	St. Paul Cos.	47¼	45¼
Chase Manhatt'n	39½	38¼	Greyhound	36⅜	36	Monsanto	80⅝	80⅜	Salomon Inc.	38⅛	38⅝
Chemical NY	48⅞	47¼	Grow Group	13½	13⅝	Moore McC'mck.	24¼	24¼	Santa Fe SPac.	35	34⅜
Chesebrough P.	72½	72⅝	Gru E man	27½	28⅛	Morgan (JP)	47¾	48⅛	Sara Lee	43⅜	41⅜
Chevron	54⅝	54⅜	Gulf & Western	73¼	70⅛	Morgan Stanley	74⅞	72¾	Saul BF	16¾	16⅞
Chrysler	50⅛	50	Gulf States Utl.	8⅞	9¼	Morrison Knud.	55	53¼	Schering Plough	90½	89

Stock	Feb. 5	Feb. 4
Wisc Energy	55⅜	54⅞
Woolworth	45	44½
Worthington	21¾	21¾
Wrigley	61¾	52⅛
Xerox	67¾	68
Yellow Frt Sys.	35½	34⅛
Zapata	4	4
Zayre	27⅞	26
Zenith Elect.	22⅝	23⅛
Zero	17¾	17½

CANADA

Stock	Feb. 5	Feb. 4	Stock	Feb. 5	Feb. 4	Stock	Feb. 5	Feb. 4	Stock	Feb. 5	Feb. 4	Stock	Feb. 5	Feb. 4
Abitibi-Price	37¼	37⅛	Cambell Red L.	31	30⅝	Dome Petroleum	0.91	0.87	Macmil Bloedel	59¾	58½	Reed Stenh'se A.	38½	[illegible]
Abitibi Res	0.18	0.25	Can. Cement Pt.	14¼	14	Domtar	48½	45½	Magna Int.	30⅛	29⅝	Royal Bank Can.	38½	[illegible]
AMCA Intl.	10¼	10	Can. NW Energy	17¼	16½	Falconbridge	18⅛	18¼	McIntyre Mines	39¼	38½	Royal Trust A.	32¾	[illegible]
Agnico Eag	29	28⅝	Can. Packers	15⅞	15⅞	Fed. Inds A.	16⅞	16⅜	Mitel Corpn.	7⅝	7⅝	Sceptre Res.	3.45	[illegible]
Alberta Energy	17¼	16⅞	Can. Trustco	56	55	Gendis A.	16⅞	16⅞	Molson A.	25½	25⅛	Seagram	91½	[illegible]
Alcan Aluminium	47¾	46¾	Can. Imp. Bank	25⅛	22⅞	Giant Y'knife	19¾	19⅛	Moore Corpn.	38⅛	30¾	Sears Can. A	11¾	[illegible]
Algoma Steel	10⅛	10⅝	Can. Pacific	22¼	21	Gulf Canada	25⅝	24¼	Nat. Bank Can.	34¼	34⅜	Shell Can. A	32⅛	[illegible]
			Can. Tire A.	13⅝	13⅝				NBS	17⅝	17	SHL System'hse.	27¼	[illegible]
			Canfor	22¼	22	Hawker Sid. Can	26½	26⅜	Noranda Inc.	26½	26¼	Shelco A.	22⅞	[illegible]

NEW YORK INDICES

DOW JONES	Feb. 5	Feb 4	Feb. 3	Feb. 2	Jan. 30	1986/87 High	1986/87 Low	Since Comp High	Since Comp Low
eIndustrials	2201.49	2191.23	2168.45	2179.42	2158.04	2201.49 5/2/87	1502.29 22/1/86	2201.49 5/2/87	41.2 2/7/32
H'me Bnds.	95.35	95.21	95.30	95.38	95.48	95.48 30/1/87	83.75 14/1/86	—	—
Transport	917.39	911.94	891.84	881.90	874.88	917.39 5/2/87	686.97 (9/1/86)	917.39 5/2/87	12.32 8/7/32
Utilities	227.49	227.31	226.45	225.99	224.72	227.86 22/1/87	169.47 22/1/86	227.86 22/1/87	10.5 8/4/32

eDay's High 2223.28 (2198.40) Low 2174.63 (2154.67)

STANDARD AND POOR'S	Feb. 5	Feb 4	Feb. 3	Feb. 2	Jan. 30	1986/87 High	1986/87 Low	Since Comp High	Since Comp Low
Composite‡	281.16	279.64	275.99	276.45	274.08	281.16 5/2/87	203.49 22/1/86	281.16 5/2/87	4.40 1/6/32
Industrials	317.66	315.73	311.09	311.53	308.36	317.66 5/2/87	224.48 22/1/86	317.66 5/2/87	3.62 21/6/32
Financials	29.91	29.56	29.34	29.63	29.63	31.15 (14/3)	25.19 22/1/86	31.15 14/5/86	8.64 1/10/74
N.Y.S.E. COMPOSITE	160.36	159.31	157.28	157.46	156.11	160.86 5/2/87	117.75 22/1/86	160.86 5/2/87	4.46 28/4/42
AMEX. MKT. VALUE	314.98	311.40	305.56	304.15	300.47	314.98 5/2/87	240.30 14/2/86	314.98 5/2/87	29.13 9/12/74
NASDAQ OTC COMP.	405.70	405.12	399.35	397.18	392.06	411.16 (3/7)	323.01 (9/1/86)	411.16 3/7/86	54.87 3/10/74

DIVIDEND YIELDS	Jan. 30	Jan. 23	Jan. 16	Jan. 9	year ago (approx)
Dow Industrial	3.11	3.19	3.23	3.34	4.01
	Jan. 28	Jan. 21	Jan. 14	Jan. 7	
S and P Industrial	2.68	2.75	3.81	2.89	3.44
S and P Ind P/E ratio	19.87	19.34	18.43	18.35	14.68

TRADING ACTIVITY

Millions Volume †	Feb. 5	Feb 4	Feb. 3
New York	256.66	222.43	198.05
Amex	18.07	18.75	14.07
O.T.C.	186.35	178.14	172.11

New York	Feb. 5	Feb. 4	Feb. 3
Issues Traded	1,996	1,981	1,977
Rises	1,039	1,202	872
Falls	590	424	706
Unchanged	367	355	399
New Highs	234	194	161
New Lows	1	7	6

CANADA

TORONTO	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Jan. 30	1986/87 High	1986/87 Low
Metals & Minerals	3377.8	3352.3	3279.5	3231.3	3171.6	3442.8 (21/5)	1917.4 (6/8)
Composite	3515.2	3448.1	3400.3	3378.7	3346.9	3515.2(5/2/87)	2754.0(17/2/86)
MONTREAL Portfolio	1793.9	1760.7	1737.4	1723.7	1702.67	1793.9(5/2/87)	1385.5 22/1/86

	Feb. 6	Feb. 5	Feb. 4	Feb. 3	1986/87 High	1986/87 Low
AUSTRALIA						
All Ord. (1/1/80)	1539.2	1533.4	1512.9	1502.5	1553.6(15/1/87)	1010.8 (2/1/86)
Metals & Mnls. (1/1/80)	766.6	765.2	749.1	733.2	786.0 (20/1/87)	481.1 (20/1/86)
AUSTRIA						
Creditbk Aktien(30/12/84)	205.9	205.00	203.37	205.14	266.64 (23/4)	203.00 (5/2/87)
BELGIUM						
Brussels SE (1/1/84)	4007.35	4000.70	4016.82	4053.56	4131.69 (8/12)	2768.91(15/1/86)
DENMARK						
Copenhagen SE(3/1/83)	215.05	217.38	216.94	216.55	260.79 (18/4)	186.28 (11/11)
FINLAND						
Unitas Genl. (1975)	—	445.5	446.4	446.8	462.1 (13/1/87)	258.3 (2/1/86)
FRANCE						
CAC General (31/12/82)	418.4	418.3	415.9	420.7	425.7 (29/1/87)	287.8 (2/1/86)
Ind Tendance (31/12/86)	106.3	105.8	105.0	106.6	106.4(27/1/87)	97.8 (2/1/87)
GERMANY						
FAZ Aktien (31/12/58)	576.19	559.65	568.51	575.22	763.98 (17/4)	558.65(5/2/87)
Commerzbank (1/12/53)	1733.3	1677.6	1711.2	1752.7	2278.8 (17/4)	1677.6(5/2/87)
HONG KONG						
Hang Seng Bank(31/7/64)	2673.57	2652.14	2636.63	2606.66	2673.57(6/2/87)	1559.94 (19/3)
ITALY						
Banca Comm. Ital.(1972)	705.11	705.87	703.72	704.31	908.20 (20/5)	454.67(24/1/86)
JAPAN**						
Nikkei (16/5/49)	19668.83	19795.1	19973.9	19956.3	20072.1 (2/2/87)	12981.0(21/1/86)
Tokyo SE New (4/1/68)	1722.19	1731.60	1742.12	1748.77	1782.07 (2/2/87)	1025.85(21/1/86)
NETHERLANDS						
ANP.CPS General (1970)	282.5	282.9	280.1	280.6	301.0 (5.9)	240.4 (3/6)
ANP.CBS *Indust* (1970)	247.9	247.1	248.8	249.5	303.9 (19/8)	234.0 (3/3)
NORWAY						
Oslo SE (4/1/83)	375.09	371.23	371.11	371.52	402.91(16/1/86)	331.81 (4.8)
SINGAPORE						
Straits Times (30/12/66)	965.98	971.26	972.87	972.83	972.97 (4/2/87)	568.54 (29/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1994	2016.0	2050.0	2121.0 (15/1/87)	1109.1 (21/4)
JSE Indust (28/9/78)	—	1521	1526.0	1534.0	1554.0 (3/2/87)	1019.5 (2/1/86)
SPAIN						
Madrid SE (30/12/85)	241.20	247.51	251.45	249.68	251.45 (4/2/87)	106.63 (6/1/86)
SWEDEN						
Jacobson & P (31/12/56)	2265.58	2271.42	2242.69	2258.25	2572.79 (7/11)	1729.57(29/1/86)
SWITZERLAND						
Swiss BankCpn(31/12/58)	574.4	571.1	574.7	575.3	625.5 (8/1/86)	487.2 (4/8)
WORLD						
MS. Capital Intl. (1/1/70)	—	401.6	402.5	402.1	402.4 (2/2/87)	249.9(23/1/86)

** Saturday January 31: Japan Nikkei 20,023.5. TSE 1758.34.

Base value of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7. JSE Industrial—264.3. and Australia. All Ordinary and Metals—500. *NYSE All Common—50; Standard and Poors 10; and Toronto Composite and* Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
General Motors	5,671,600	80	+1⅝	Can Pacific	2,761,400	16⅝	+1
AT&T	4,417,900	24	+ ⅜	A. H. Robins	2,629,700	24⅛	+5⅛
USX	3,332,600	25	+ ⅛	Navistar	2,547,600	6¾	+ ⅛
IBM	3,183,500	136⅞xd	+1⅛	Prime Comptr	2,329,100	23⅛	+1⅛
Philips Petrlm	3,112,700	13⅞	+ ⅛	Amer Elec Pwr	2,249,600	30⅝	− ⅛

NOTES — *Prices on this page are as quoted on the individual exchanges and are last traded prices.* § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

FOREIGN EXCHANGES

Further boost for dollar

THE DOLLAR continued to improve in currency markets yesterday, encouraged by better than expected US unemployment figures. The market had been cautiously optmisic after last week's encouraging data and yesterday's rise in non-farm payroll employment by 448,000 compared with expectations of a rise of 225,000, gave the dollar a strong boost. The overall unemployment has remained the same at 6.7 per cent.

Earlier in the day dollar sentiment had been improved by suggestions that both Mr James Baker, US Treasury Secretary and Mr Paul Volcker, chairman of the US Federal Board, had agreed that the dollar should stay around its current trading level.

The market was also keen to buy dollars as rumours persisted of an imminent cut in the Japanese discount rate. Thursday night's successful 30-year note auction was also a plus factor.

However some dealers remained cautious and suggested that the extent of the dollar's rise was inhibited to some extent because the medium term outlook still remained far from clear.

The dollar closed at DM 1.8560 up from DM 1.8400 but below its best level of DM 1.8695 and Y154.40 compared with Y153.65. Elsewhere it rose to SFr 1.5650 from SFr 1.5500 and FFr 6.1800 compared with FFr 6.1325. On Bank of England figures, the dollar's exchange rate index rose from 104.2 to 104.9

Sterling was unchanged overall. Its exchange rate index finished a 68.8, the same at last night but down from an opening level of 69.0. Once again the pound tended to mirror the movements of the dollar although its undertone remained a little nervous because of continued speculation about the timing of a general election

The pound eased against the dollar to $1.5085 from $1.5150 but because of the dollar's strength, it finished higher against the D-Mark at DM 2.800 from DM 2.7875 and Y233.0 compared with Y232.75. Elsewhere it finished at SFr 2.3600 from SFr 2.3475 and FFr 9.3225 from FFr 9.29.

In Frankfurt the dollar was fixed at DM 1.8554 from DM 1.8343 and closed at DM 1.8445 from DM 1.8370 on Thursday.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. January average 154.62. Exchange rate index 209.6 compared with 218.2 six months ago.

An improvement in short term sentiment helped the dollar improve against the yen in Tokyo. It closed at Y154.15 compared with Y153.60 on Thursday. Much of the better tone was attributed to a growing belief that the US administration wanted the dollar to stabilise around its current level. In addition results of the 30-year Treasury auction were better than expected. Other factors behind the rise included last week's encouraging economic data and speculation about a G5 meeting. However, some dealers remained cautious, suggesing that the dollar's recovery was hampered by profit-taking at the higher levels the medium term outlook for the US unit is sill uncertain.

£ IN NEW YORK

Feb 6	Latest	Previous Close
£ Spot	1.5085-1.5095	1.5185-1.5195
1 month	0.59-0.56 pm	0.57-0.56 pm
3 months	1.74-1.70 pm	1.73-1.70 pm
12 months	6.05-5.95 pm	6.09-5.99 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Feb. 6	Previous
8.30 am	69.0	68.6
9.00 am	69.0	68.6
10.00 am	68.9	68.6
11.00 am	69.0	68.7
Noon	68.9	68.7
1.00 pm	69.0	68.7
2.00 pm	68.8	68.7
3.00 pm	68.8	68.7
4.00 pm	68.8	68.8

CURRENCY RATES

Feb. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.829041	0.735682
U.S. Dollar	5.5	1.25235	1.11051
Canadian $	8.20	*	1.48587
Austrian Sch.	4	16.3369	14.5277
Belgian Franc	8½	48.1153	42.7075
Danish Krone	7	8.78524	7.80912
Deutsche Mark	3.0	2.32361	2.06611
Neth. Guilder	4½	2.62618	2.33085
French Franc	9½	7.74078	6.88018
Italian Lira	12	N/A	1468.37
Japanese Yen	3.0	192.173	171.574
Norway Krone	8	8.87290	7.87909
Spanish Peseta	—	163.344	145.033
Swedish Krona	7½	8.25612	7.31994
Swiss Franc	3.5	1.96243	1.74095
Greek Drach.	20½	N/A	150.486
Irish Punt	—	N/A	0.774416

*C$/SDR rate for Feb. 5; 1.67629

CURRENCY MOVEMENTS

February 6	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.8	−25.2
U.S. Dollar	104.9	−2.3
Canadian Dollar	78.7	−10.2
Austrian Schilling	138.3	+10.5
Belgian Franc	100.4	−3.6
Danish Krone	93.1	+4.2
Deutsche Mark	147.4	+22.2
Swiss Franc	170.0	+21.2
Guilder	134.5	+14.7
French Franc	71.9	−12.4
Lira	48.3	−16.2
Yen	209.6	+56.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Feb 6	£	$
Argentina	2.0190-2.0263	1.3410-1.3450
Australia	2.2485-2.2415	1.4935-1.4950
Brazil	25.4925-25.6375	16.9330-17.0180
Finland	6.9530-6.9730	4.6260-4.6280
Greece	203.30-205.00	135.50-136.00
Hong Kong	11.7440-11.7495	7.7950-7.7980
Iran	111.45*	72.35*
Korea (Sth)	1295.95-1307.65	853.50-860.50
Kuwait	0.41600-0.41680	0.27645-0.27665
Luxembourg	57.90-58.00	38.35-38.45
Malaysia	3.8375-3.8425	2.5480-2.5500
N Zealand	2.7515-2.7590	1.8280-1.8315
Saudi Ar.	5.6455-5.6510	3.7500-3.7510
Singapore	3.2320-3.2370	2.1460-2.1480
S Af (Cm)	3.1885-3.1605	2.0890-2.0935
S Af (Fn)	6.5460-6.8435	4.3480-4.5455
Taiwan	53.10-53.35	34.95-34.10
U.A.E.	5.5290-5.5340	3.6725-3.6735

* Selling rate

POUND SPOT—FORWARD AGAINST THE POUND

Feb. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5010-1.5150	1.5080-1.5090	0.58-0.55 c pm	4.49	1.71-1.66 pm	4.47
Canada	2.0090-2.0210	2.0145-2.0155	0.58-0.49 c pm	3.19	1.69-1.54 pm	3.21
Neth'lands	3.15-3.17¼	3.15-3.16	1½-1¼ c pm	5.23	4⅜-4⅛ pm	5.39
Belgium	57.76-58.16	57.90-58.00	15-11 c pm	2.60	43-36 pm	2.64
Denmark	10.55½-10.65	10.56½-10.57½	⅛ pm-⅛ ore dis	0.07	1-¼ dis	0.24
Ireland	1.0440-1.0560	1.0500-1.0510	0.20-0.35 p dis	−3.14	0.60-0.90 dis	−2.86
W. Germany	2.78¾-2.81½	2.79½-2.80½	1⅝-1⅜ pf pm	6.43	4⅝-4½ pm	6.52
Portugal	210.31-216.99	216.00-216.90	112-221c dis	−9.23	240-471 dis	−6.57
Spain	194.94-197.26	196.35-196.95	16-47 c dis	−1.92	60-98 dis	−1.61
Italy	1986½-2001½	1987½-1988½	2 pm-1 lire dis	0.30	3- par pm	0.30
Norway	10.67½-10.74	10.69¾-10.70¾	2⅝-3⅝ ore dis	−3.57	9⅝-10½ dis	−3.76
France	9.31-9.36¼	9.31¾-9.32¾	1⅞-1⅝ c pm	2.25	4⅞-4⅜ pm	1.98
Sweden	9.90¼-9.96	9.91¼-9.92¼	¼ pm-¼ ore dis	—	1⅛-⅝ pm	0.43
Japan	232¼-233½	232½-233½	1¼-1⅛ y pm	6.12	3⅞-3¾ pm	6.55
Austria	19.47-19.75	19.71-19.75	9¼-8⅝ gro pm	5.59	28⅞-26½ pm	5.60
Switzerland	2.35¼-2.37½	2.35½-2.36½	1½-1⅜ c pm	7.31	4⅛-4 pm	6.99

Belgian rate is for convertible francs. Financial franc 58.55-58.65. Six-month forward dollar 3.16-3.11 c pm. 12-month 5.95-5.85 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Feb. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5010-1.5150	1.5080-1.5090	0.58-0.55c pm	4.49	1.71-1.66 pm	4.47
Ireland†	1.4272-1.4442	1.4375-1.4385	0.91-0.81c pm	7.15	2.72-1.65 pm	6.06
Canada	1.3320-1.3400	1.3335-1.3345	0.13-0.16c dis	−1.30	0.40-0.45 dis	−1.27
Netherlands	2.0795-2.1085	2.0915-2.0925	0.14-0.11c pm	0.72	0.50-0.45 pm	0.91
Belgium	38.23-38.58	38.35-38.45	5½-7½c dis	−2.03	15-19 dis	−1.77
Denmark	6.99¾-7.06¾	7.00½-7.01	2.15-3.05ore dis	−4.44	6.90-7.80 dis	−4.18
W Germany	1.8420-1.8695	1.8555-1.8565	0.31-0.28pf pm	1.91	0.97-0.92 pm	2.03
Portugal	143¾-144	143¼-143¾	110-180c dis	−12.10	320-420 dis	−10.29
Spain	129.95-131.30	130.40-130.50	60-70 c dis	−5.98	190-205 dis	−6.05
Italy	1309-1329	1317¾-1319¾	4-5 lire dis	−4.10	13¼-14¼ dis	−4.25
Norway	7.06-7.13¾	7.09¼-7.09¾	4.30-5.00 ore dis	−7.86	14.80-15.60dis	−8.56
France	6.15-6.22¾	6.17¾-6.18¾	1.10-1.30c dis	−2.33	3.75-4.15 dis	−2.55
Sweden	6.55¾-6.61¾	6.57¼-6.57¾	2.15-2.65 ore dis	−4.37	6.70-7.30 dis	−4.25
Japan	153.50-154.95	154.35-154.45	0.25-0.23y pm	1.87	0.83-0.78 pm	2.09
Austria	12.97½-13.14½	13.04¼-13.04¾	1.40-1.00gro pm	1.10	4.00-3.00 pm	1.07
Switzerland	1.5565-1.5775	1.5645-1.5655	0.37-0.32c pm	2.64	1.05-1.00 pm	2.61

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.80-38.90

EURO-CURRENCY INTEREST RATES

Feb. 6	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	11⅛-11¼	11⅛-11⅜	11⅛-11⅜	10⅞-11	10⅝-10¾	10⅝-10¾
U.S. Dollar	5⅞-5⅞	6-6⅛	6⅛-6¼	6⅛-6¼	6⅛-6¼	6⅛-6¼
Can. Dollar	7-7¼	7⅛-7¼	7⅜-7⅝	7⅜-7½	7⅜-7⅝	7⅜-7⅝
D. Guilder	5-5¼	5⅛-5¼	5⅜-5⅝	5⅜-5⅜	5⅜-5¼	5⅛-5¼
Sw. Franc	1¼-2⅛	1⅜-1⅞	3⅛-3⅜	3½-3⅝	3⅝-3¾	3⅝-3¾
Deutschmark	3⅞-4	3⅞-4	3⅞-4⅛	4-4⅛	4⅛-4⅜	4⅛-4⅜
Fr. Franc	8¼-8½	8¼-8½	8½-8⅝	8⅝-8⅞	8⅝-8⅞	8⅝-8⅞
Italian Lire	9-12	9½-10⅛	10-10⅛	10⅛-10⅝	10-10½	10-10½
B. Fr. (Fin.)	8-8¼	8-8¼	7¾-8	7⅝-7⅞	7½-7¾	7½-7¾
B. Fr. (Con.)	7⅞-8¼	8½-9	8½-8⅝	8⅜-8⅞	8⅜-8⅞	8⅜-8⅞
Yen	4⅛-4½	4⅜-4⅝	4¼-4⅜	4⅜-4¼	4-4⅛	4-4⅛
D. Krone	10⅞-11⅛	10⅞-11¾	10¼-11¼	10⅝-10⅞	10⅝-10⅞	10¼-10¾
Asian $ (Sing.)	3-3¼	N/A	3⅛-3⅜	3⅜-3⅜	3⅜-3½	3⅝-3¾

Long-term Eurodollars: Two years 6⅜-6⅞ per cent; three years 6⅞-7⅛ per cent; four years 7¼-7½ per cent; five years 7⅜-7⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb. 6	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.509	2.800	233.0	9.323	2.360	3.155	1988.	2.015	57.95
$	0.663	1.	1.856	154.5	6.180	1.565	2.092	1318.	1.336	38.40
DM	0.357	0.539	1.	83.21	3.329	0.843	1.127	710.0	0.720	20.70
YEN	4.292	6.474	12.02	1000	40.01	10.13	13.54	8532.	8.648	248.7
F Fr.	1.073	1.618	3.003	249.9	10.	2.532	3.384	2132.	2.161	62.16
S Fr.	0.424	0.639	1.186	98.73	3.950	1.	1.337	842.4	0.854	24.56
H Fl.	0.317	0.478	0.887	73.85	2.955	0.748	1.	630.1	0.639	18.37
Lira	0.503	0.759	1.408	117.2	4.689	1.187	1.587	1000.	1.014	29.15
C $	0.496	0.749	1.390	115.6	4.627	1.171	1.566	986.6	1.	28.76
B Fr.	1.726	2.603	4.832	402.1	16.09	4.072	5.444	3431.	3.477	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates slightly easier

INTEREST RATES were slightly easier in the London money market yesterday. Sterling was unchanged on its trade weighted index but was generally better than levels a week ago, helped by a firmer dollar. Three-month interbank money was quoted at 10 13/16-10 11/16 per cent compared with 11-10 15/16 per cent on Thursday.

Weekend interbank money managed to ease 9 per cent at the close but only after a struggle. Opening levels were nearer 11½-11 per cent which proved to be the day's high and despite the Bank's generous help, the supply of short-term funds was held up to some extent by applications made for British Airways shares.

The Bank of England forecast a shortage of around £1,350m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £465m. Exchequer transactions accounted for a further £430m and there was a rise in the note circulation of £280m. In addition banks brought forward balances £160m below target.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £292m and comprised outright purchases of £79m of eligible bank bills in band 2 at 10 13/16 per cent and £5m in band 3 at 10¾ per cent and sale and repurchase agreements on £208m of bills at 10⅞-10 29/32 per cent, unwinding on March 12.

Further help was given in the morning of £760m through outright purchases of £71m of eligible bank bills in band 1 at 10⅞ per cent and in band 2 £2m of Treasury bills and £314m of eligible bank bills all at 10 13/16 per cent. In band 3 it bought £11m of eligible bank bills at 10¾ per cent and £11m in band 4 at 10 11/16 per cent. It also arranged sale and repurchase agreements on £351m of bills at 10⅞-10 29/32 per cent for resale on March 12. Late assistance came to £300m, making a total of £1,737m.

The Treasury bill rate fell to 10.3654 per cent from 10.5618 per cent at the weekly Treasury bill tender. The £100m of bills on offer attracted bids of £530.1m compared with £485m the previous week and all bills offered were alloted. The minimum accepted bid was £97.415 against £97.365 and bids at that level were met as to about 94 per cent and above in full. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

UK clearing bank base lending rate 11 per cent since October 15

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 6) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅛	offer 6¼	bid 6⅛	offer 6¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Feb. 6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.80-3.90	3.60-3.70	3.75-3.90	3.80-3.95	3.85-4.00	5.0
Paris	7 15/16-8 1/16	8 1/16-8 3/16	8⅛-8¼	8⅛-8¼	8⅜-8½	8
Zurich	⅞-1⅛	3⅛-3⅜	—	3 5/16-3 7/16	—	—
Amsterdam	5¼-5⅜	5¼-5⅜	—	5¼-5⅜	—	—
Tokyo	4.28125	4.28125	—	—	—	—
Milan	11¼-12¼	11⅛-11⅞	—	11¼-11¾	—	—
Brussels	5.55	7⅞-8	—	7 11/16-7 13/16	—	—
Dublin	13½-13¾	13⅞-14⅛	13⅞-14⅛	13⅞-14⅛	13-13¾	—

LONDON MONEY RATES

Feb. 6	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11½-9	11⅛-11¼	11⅛-11	10 13/16-10 11/16	10¾-10⅝	10 11/16-10 9/16
Sterling CDs	—	—	11 1/16-11	10 13/16-10 23/32	10⅝-10½	10½-10⅜
Local Authority Deposits	11½-11⅛	11¼-11⅛	11⅛-11	10 13/16	10¾-10⅝	10 11/16-10⅝
Local Authority Bonds	—	—	11⅛	11 1/16	11	10 13/16
Discount Market Deposits	11-9½	10⅞	10 13/16	10⅝	—	—
Company Deposits	11-10½	11⅛	11⅛	11	10¾	10¾
Finance House Deposits	—	—	11⅛	10 15/16	10¾	10¾
Treasury Bills (Buy)	—	—	10 13/16	10 11/16	—	—
Bank Bills (Buy)	—	—	10 15/16	10 9/16	11⅛	—
Fine Trade Bills (Buy)	—	—	11 13/16	11 1/16	10¾	—
Dollar CDs	—	—	6.20-6.15	6.20-6.15	6.20-6.15	6.20-6.15
SDR Linked Deposits	—	—	6⅛-6	6 3/16-6 1/16	6⅛-6	6⅛-6
ECU Linked Deposits	—	—	7⅞-7¼	7⅜-7¼	7⅜-7¼	7⅜-7¼

Treasury Bills (sell), one-month 10 13/16 per cent, three-months 10 15/32 per cent. Bank Bills (sell) one-month 10 13/16 per cent, three months 10½ per cent. Treasury Bills, Average tender rate of discount 10.3654 p.c. ECGD Fixed Finance Scheme IV reference date January 1 to 30 (inclusive) 11.098 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from February 1, 1987. Bank Deposit Rates for sums at seven days notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6) Deposit £100,000 and over held under one month 10½ per cent, one-three months 10½ per cent, three-six months 10⅝ per cent, six-nine months 10⅝ per cent, nine-12 months 10⅝ per cent. Under £100,000 10 per cent from February 6. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5½ per cent.

Another powerful surge as account closes

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 26	Feb 5	Feb 6	Feb 16
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16

* New time dealings may take place from 9.00 am two business days earlier.

The UK stock market rounded off a highly successful two week trading account with another substantial rise yesterday as domestic and overseas instiutions bought heavily into the banking, energy and consumer stock sectors.

Market indices, chalking up record daily gains, reached new all-time peaks, the FT ordinary index moving above 1500 for the first time, and the FT-SE 100 challenging the 1900 mark.

British and Japanese investment houses led the rush for shares as markets scented favourable trends on both sides of the Atlantic. Renewed expectations of lower interest rates were encouraged by falls in London money market and Gilt-edged yields, and by the favourable outcome to this week's US Treasury auctions.

After moving up strongly throughout the session, equities paused as Wall Street opened, only to return to the day's best levels at the close.

The FT-SE 100 index climbed 32.3 to 1898.4, and the FT ordinary index 22.7 to 1508.9.

Financial stocks soared as London's three month interbank rates dipped below 11 per cent — boosting the return to banks on their loans to customers.

Double digit gains were recorded in Barclays Bank (3m shars traded), and in Lloyds (3.2m) and Midland (5.5m).

Oil stocks continued to surge ahead on this week's indications that the latest OPEC prices may be made to stick.

Among the industrials, Imperial Chemical Industries and Glaxo both ran into profit-taking after their gains. But GEC and Plessey moved up on news of discussions regarding possible links of telephone equipment operations.

Amid the general bullishness, the public offer of stock in British Airways closed heavily oversubscribed, with the shares changing hands in the grey market at a 19p to 25p premium on the 65p partly-paid issue price.

The Gilt-edged market was again in good heart, although gains were trimmed in late dealings after the authorities announced a new £800m tap stock, a 9 per cent coupon dated 2008. Gains came back by ¼ to show net rises on the day of ⅜ or so

While the new stock caught some traders by surprise — the authorities have little need of new funding at present — the market remained very firm, with long-dated yields consolidating below 10 per cent. Middle East buyers were reported and the market responded confidently to the success of the US Treasury auction of long-dated Federal issue.

FINANCIAL TIMES STOCK INDICES

	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Jan. 2	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	86.24	85.80	85.61	85.31	85.35	81.49	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.81	92.51	92.34	91.29	91.93	87.30	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,508.9	1,486.2	1,472.8	1,458.5	1,463.9	1,187.7	1,508.9 (6/2/87)	1,094.3 (14/1/86)	1,508.9 (6/2/87)	49.4 (26/6/40)
Gold Mines	319.3	311.9	311.5	309.7	313.5	322.0	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.76	3.79	3.83	3.88	3.87	4.37				
Earnings Yld.%(full)	8.81	8.90	8.98	9.10	9.04	10.65				
P/E Ratio (net) (*)	13.90	13.76	13.64	13.47	13.55	11.70				
SEAQ Bargains (5 pm)	55,063	38,400	37,696	38,730	40,150	—				
Equity Turnover (£m)	—	1,390.66	1,368.19	1,270.31	1,484.45	773.24				
Equity Bargains	—	48,518	46,024	48,837	50,710	30,451				
Shares Traded (ml)	—	586.5	512.2	497.6	598.8	327.4				

S.E. ACTIVITY

Indices	Feb. 5	Feb. 4
Gilt Edged Bargains	145.2	135.0
Equity Bargains	314.4	298.2
Equity Value	2809.7	2765.5
5-Day Average		
Gilt Edged Bargains	129.9	123.6
Equity Bargains	308.1	306.0
Equity Value	2772.1	2851.3

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1492.8	1494.9	1501.4	1504.1	1500.5	1503.3	1505.7	1505.8

Day's High 1509.2. Day's Low 1492.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.39.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Clearers wanted

Clearing banks ended the week with a flourish. The volume of trade increased considerably as investors chased quotations higher ahead of the forthcoming dividend season. NatWest, scheduled to report annual results on February 24, jumped 24 to 617p in a turnover of over 3m shares; analysts are predicting that pre-tax profits could breach the £1bn mark for the year. Around 5m Midland shares changed hands and the close was 24 higher at 617p, while Barclays ended 20 to the good at 559p: the latter's preliminary figures are due on February 26. Lloyds were 17 better at 492p. Elsewhere, Standard Chartered hardened a few pence more for a two-day rally of 19 at 757p following news of the appointment of the Bank of England to investigate loans made to supporters of its defence against the unsuccessful bid from Lloyds Bank. A "sell" recommendation from brokers' Greenwell Montagu further depressed Hill Samuel which dropped 17 more making a decline of 78 on the week at 437p; the shares were hard hit earlier in the week by news of the proposed changes to the Banking Bill which will give the Bank of England greater powers to control acquisitions of large stakes in UK banks.

Composite Insurances continued to reflect Wood Mackenzie recommending the sector ahead of the results season. Royals, scheduled to report annual figures on February 26, rose 9 afresh at 937p, while Commercial Union improved 7½ more at 325p. Life issues, meanwhile, drew strength from recent buoyant new life business figures. Prudential advanced 27 to 885p and Legal and General, also on further consideraotion of the acquisition of Fairmount Trust, gained 14½ at 289p. A rise of 11 to 383p in Pearl was accompanied by vague takeover rumours.

Allied-Lyons, one of two major recommendations in Kleinwort Grieveson's latest research of the Brewery sector, traded heavily. Volume totalled 10m shares and the price rose 9 to 353p, gathering strength from the general upsurge in Food stocks. The other principal Kleinwort Grieveson selection, Whitbread "A," shot higher as recent caution, the result of analysts downgrading their profits forecasts, disappeared. Stock shortages gave the upturn added momentum and the close was 11 up at 300p. Investors also showed interest in Guinness, 6 better at 295p, but renewed profit-taking took a further toll on Vaux, which reacted to 553p before rallying after-hours to 563p for a net improvement of 4.

Brick concerns, excited by Marley's recommended offer for Nottingham Brick, showed useful gains on hopes of further takeover developments within the sector. Nottingham Brick gained 10 to 373p on speculation that another bidder may enter the fray, while Ibstock Johnsen gained 11 to 236p and Baggeridge Brick rose 20 to 635p in a restricted market. Redland continued to attract buyers at 482½p, up 10½, while Tarmac, the pick of Construction issues this week, firmed afresh to 497p. Costain also fared well at 596p, up 4, while BPB Industries added 5 to 613p.

The pace proved a little too hot for ICI which settled 3/16 off at £13 11/16, the ICI share price rose sharply earlier in the week following a broker's upgraded profits forecast.

Pre-Budget optimism swept leading Stores higher still with dealers reporting another very active session. Marks and Spencer rose 10 more to 212p and Storehouse 7 to 321p. Over 15m Sears shares changed hands as the market responded to revived takeover rumours and the close was 3½ higher at 132¾. Next advanced 13 to 285p and Gussies A firmed ⅜ at £12⅝. Dixons, a rising market throughout the week on talk that the company would soon place its stake in Woolworth in order to raise cash for a major US acquisition, improved a few pence more to 348p; Woolworth put on 8 at 750p. Burton, on the other hand, lost 6 more making a two-day decline of 9 at 263p in reaction to a Press suggestion that the DTI have started a tentative investigation into share dealings during the company's takeover of Debenhams.

GEC bought

Rumours that GEC and Plessey were about to merge their System X operations induced heavy buying of the former which advanced strongly to close 13 up at 217p, after 218p, following a turnover of 25m shares; Plessey rallied 4 at 209p. Elsewhere, Cable and Wireless were in demand and closed 21 higher at 385p, while a rise of 11 to 213p in STC was accompanied by revived takeover speculation. Hopes that the engineers' dispute would be resolved this weekend left British Telecom 2½ dearer at 240½. Elsewhere, Ferranti were notable for a rise of 6 to 127p; Brian Newman, analyst at Chase Manhattan Securities rates the shares a strong "buy" and has upgraded pre-tax profits this year to £50m and for 1987-88 to £60m, ahead of analysts' visit to the company's Edinburgh operations next week.

Engineers recorded a number of features. Baker Perkins were outstanding on the downside, reacting 74 to 331p following APV's downward revision in its offer terms on receipt of certain financial information from BP. APV dipped 22 to 620p. Adverse comment prompted weakness in Ransomes Sims which fell 13 to 240p. Hallite, in contrast, responded to news of the acquisition of a 24.9 per cent stake by Troy Nominees (PTY) with a gain of 20 to 215p. VSEL edged up 8 further to 291p, while Aerospace Engineering improved 3 afresh to 83p on the good interim figures. Among the leaders, GKN (2.3m shares traded) closed 6 to the good at 326.

The Food sector provided the day's outstanding feature in Avana which soared to 712p prior to closing a net 207p higher at 687p following an unwelcome bid from Ranks Hovis McDougall, itself regarded as a likely takeover target in recent months following the purchase by Goodman Fielder of Australia of a sizeable stake. RHM's bid platform includes the purchase of a 20 per cent stake in Avana from long-standing shareholders Northern Foods; RHM settled 11½ lower at 308p, but Northern, which has realised a book profit of some £30m on the deal, gained 19 to 310p. Other Food Manufacturers were excited by the news and Booker showed a useful gain of 13 at 398p, while Unigate rose 11 to 375p. United Biscuits surged 18 to 287p, while Retailers, not to be outdone, showed Tesco 17 higher at 451p, J. Sainsbury 17 up at 458p and Dee Corporation 7 to the good at 236p. Elsewhere, Fitch Lovell continued to attract support and rose 16 to 291p

Trusthouse Forte were outstanding among Hotels, rising 10½ to 214p amid vague takeover rumours.

Cookson rally smartly

Further consideration of the proposed £162.3m rights issue prompted a smart rally in Cookson which erased most of the previous day's loss, closing 20 to the good at 540p. Elswhere, Reuters B advanced 24 to 621p on Japanese and domestic buying ahead of the preliminary figures scheduled for next Wednesday. Pearson staged a useful revival with a gain of 11 at 568p while rises of 14 were marked against Smiths Industries, 318p, and Johnson Matthey, 390p. Jacksons Bourne End, still reflecting the approach to major shareholders in the company, gained 20 further to 413p. Support was again forthcoming for Rank Organisation 6 to the good at 628p, but Avon Rubber ran into end/Account profit-taking and closed 7 easier at 415p. Anglo Nordic firmed 4½ to 28p on the partial offer from F L Smith, while Dobson Park, still benefiting from recent US acquisition news, improved 3½ to 108p. Dalgety, partly reflecting the strength of the food sector put on 5 to 317p, the interim figures are expected on February 16. Demand in a limited market left Scapa Group 20 higher at 285p, while interest revived in Associated British Ports, up 15 at 407p. Among the miscellaneous industrial leaders, Boots were briskly traded (some 10m shares) and closed 7½ to the good at 284½p. Continued support in a restricted market prompted a fresh gain of 5/16 to £10 1/16 in Reckitt and Colman. Reed International, 391p, and Trafalgar House, 319½p, improved 9 and 9½ respectively. Despite a low volume of trade, BOC edged up 6 more to 448p awaiting Tuesday's first quarter figures.

Lucas Industries were again the star performer in Motors. Little trace remained of the caution generated recently by brokers downgrading their profits forecasts and the shares bounded ahead to close 20 up at 585p; marketmakers dismissed rumours that the group was about to announce the disposal of its loss-making electrical subsidiary. Dowty recovered 5 to 252p while T. Cowie, 278p, and Jessups, 141p, scored respective rises of 13 and 10.

Portsmouth and Sunderland took over in Newspapers, bounding 14 higher to 190p on impressive nine-month profits. Musterlin, a County Securities strong "buy," ended 10 up at 204p, but features among Paper/Printing were fewer. Press comment helped DRG rise 7 to 357p, while BPCC were similarly dearer at 298p.

British and Commonwealth, the subject of a circular from BZW research, came to life suddenly and settled 13 up at 364p. The movement slightly overshadowed sector leader P & O, which managed a rise of only 4 to 593p.

Fresh demand in a limited market found supplies of Tomkinsons scarce and the shares, as a result, jumped 25 to 355p. Dura Mill extended this week's impressive run on sparkling first-half figures, gaining 4 more for a five-day rise of 27 to 105p. Richards flared into prominence with an advance of 6 to 66p but John Foster, at 96p, slipped as recent takeover speculation cooled; it has been reported that General Investments, an Australian concern has acquired a stake of under 5 per cent.

BAT Industries bounced back from a mid-week lower level as fears of an increased tax on US cigarettes subsided. Business totalled 4.4m shares, after which the shares were around 13 up at 511p: the preliminary statement is due on March 25. Rothmans International joined in the advance, ending 10 higher at 205p.

Reflecting the strength of underlying domestic equities, Investment Trusts went higher across the board. Some recorded double-figure gains including Alliance, 949p, and Anglo-American Securities, 454p, which advanced 12 and 13 respectively. Keystone picked up 16 more to 353p while Second Alliance gained 6 to 816p. Pacific IT Warrants rose 4 to 60p. Financial issues were more of a backwater. Mercantile House continued to mirror worries over the current Australian litigation, losing 4 further to 336p, but Brint Investments were bought and gained 13 to 306p.

Oils up again

The oil majors continued to draw strength from the recent agreement between Aramco and Saudi Arabia whereby the former has entered an agreement to buy crude oil at fixed prices in long-term contracts. British Petroleum showed a fresh gain of 17 at 815p, while Shell firmed 1/16 more to £11 7/16. Britoil were a good market at 203½p, up 7½ and Enterprise gained 14 to 210½p. LASMO firmed 9 to 200p. Elsewhere, Pict continued to respond to the Amerada Hess deal with a fresh rise of 6 to 45p.

Gold shares had another firm session, with the onrush of the industrial equity sector bringing in UK and New York investors. However, business was two-way, with some Continental selling noted early in the day.

A strong spot elsewhere in mines was Consolidated Goldfields, which closed near to is recent peak as speculative buyers came back for the stock.

There was a good demand for Australian mining issues, although at the end of the day, prices were still close to the previous closing quotations in Sydney/Melbourne markets. Western Mining and Mount Isa were among the best favoured.

Traditional Options

- First dealings
  Feb 2 Feb 16 Mar 2
- Last dealings
  Feb 13 Feb 27 Mar 13
- Last declaration
  May 7 May 28 June 11
- For Settlement
  May 18 June 8 June 22

For rate indications see end of Unit Trust Service

Stocks to attract call option business included Wellcome, Hughes Food, Camtech, ASDA-MFI, The Times Veneer, London Securities, Ward Holdings, Hawley, Norfolk Capital, Cannon Street Investments, Parkfield, Rugby Portland Cement, Sound Diffusion, Sears, Broad Street, C.I. Group, Charterhall, Amstrad, Abaco Investments, Harris Queensway, Beatson Clark, TSB, Conroy Petroleum, Whessoe, Derwent Valley, Metal Closures, Benjamin Priest, Acorn Computer, Jefferson Smurfit, Chemical Methods, Tootal, Norbain Electronics, Rotork, Benchmark, J. England, and Micro-Business Systems. No puts were reported, but double options were taken out in Whessoe and British Gas.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*353)	280	82	88	—	1	1	—
	300	62	58	80	2	2½	6
	330	35	45	60	5	13	15
	360	15	27	40	17	25	30
B.P (*811)	650	168	183	—	1½	4	—
	700	118	133	—	4	9	—
	750	68	88	112	12	18	27
	800	35	60	80	30	43	55
British Gas (*72)	50	23½	26½	—	0½	0½	—
	60	14	17	20	0½	1	1½
	70	6	9	12¼	2½	3¾	4½
Cons. Gold (*766)	650	127	140	—	5	17	—
	700	85	107	124	15	27	37
	750	51	72	95	32	54	67
	800	30	47	64	60	77	92
Courtaulds (*391)	330	74	83	93	2	6	10
	360	49	56	71	5	9	15
	390	31	39	55	17	22	26
	420	16	22	36	31	37	38
Com. Union (*324)	260	68	74	—	1	3	—
	280	48	54	61	2	6	10
	300	30	37	44	7	13	17
	330	14	22	29	22	25	30
Cable & Wire. (*376)	325	60	—	—	2	—	—
	330	—	65	78	—	7	10
	550	227	—	—	2	—	—
	600	177	187	—	3	7	—
	650	127	140	—	5	17	—
	700	85	107	124	15	27	37
G.E.C. (*216)	180	40	48	54	2	3	6
	200	22	31	38	4	81	11
	220	9½	17	25	12	15	20
Grand Met. (*496)	390	110	—	—	1	—	—
	420	80	95	107	1½	6	10
	460	45	63	77	6	12	17
	500	18	40	50	22	30	35
I.C.I. (*1356)	1250	128	170	195	15	20	28
	1300	97	140	160	27	32	47
	1350	70	110	130	55	60	75
	1400	48	854	105	85	93	105
Land Securities (*346)	300	52	57	65	2	3	4
	330	27	35	44	5	8	12
	120	12	17	24	18	22	27
Marks & Spen. (*210)	180	34	38	46	2	5	6
	200	15½	23	30	6	10	14
	220	7	11	—	18	20	—
Shell Trans. (*1140)	950	208	218	—	1	4	—
	1000	158	165	183	3	7	15
	1050	108	123	143	7	18	27
	1100	63	85	105	20	33	45
	1150	30	50	70	45	53	70
Trafalgar House (*317)	260	65	74	83	1	3	5
	280	47	54	63	3	7	10
	300	30	38	48	8	14	18
	330	15	22	30	21	28	33
TSB (*77)	70	9½	13	15½	1	2½	3
	80	4	6½	9½	5	6	6½
	90	1	2½	—	13½	13½	—
	100	0½	—	—	23	—	—
Woolworth (*751)	650	120	140	155	3	60	12
	700	85	100	120	12	17	23
	750	50	62	75	23	35	45

Option		Calls Mar	Calls June	Calls Sep	Puts Mar	Puts June	Puts Sep
Bass (*839)	[illegible]						
GKN (*324)	[illegible]						
Jaguar (*604)	[illegible]						

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*584)	[illegible]						
BAT Inds (*509)	[illegible]						
Barclays (*558)	[illegible]						
Brit. Telecom (*238)	[illegible]						
Cadbury Schweppes (*225)	[illegible]						
Guinness (*294)	[illegible]						

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Ladbroke (*426)	330	100	107	117	0½	1	1½
	360	70	75	87	1½	1½	5
	390	40	47	57	2	9	13
	420	14	25	38	8	17	23
LASMO (*201)	160	42	47	53	1	4	6
	180	22	31	38	1	7	13
	200	7	19	27	7	19	21
Midland Bk (*612)	500	120	127	137	1	3	7
	550	70	80	92	4	11	15
	600	20	43	60	10	30	35
	650	5	20	35	40	55	60
P & O. (*592)	500	98	107	115	1	4	8
	550	48	63	78	2	11	17
	600	9	32	45	17	30	35
Racal (*228)	140	89	96	—	0½	1	—
	160	69	76	84	0½	2	3
	180	49	56	66	0½	3	6
	200	29	40	44	1	7	10
	220	11	26	32	3	12	18
R.T.Z. (*769)	650	124	140	157	2	5	10
	700	74	100	115	2	15	22
	750	34	62	80	5	32	40
	800	7	33	50	37	60	65
Vaal Reefs (*$91)	60	31½	32	—	1	1	—
	70	21½	22	29	1	1½	2¼
	80	11½	16	21½	1	4	4½
	90	4	10½	14	4½	7½	9
	100	1½	5	8	10½	12½	14
Tr. 11¾% 1991 (*£105)	100	5¼	5⅝	5⅛	0⅛	0⅛	0⅜
	102	3¼	3½	3¼	0⅛	0⅜	0¾
	104	1⅜	2⅜	2¼	0⅜	0⅞	1⅛
	106	0⅜	2⅛	1½	1⅜	1⅞	2½
Tr. 11¾% 03/07 (*£115)	106	8⅞	9⅜	9¾	0⅛	0⅛	0⅞
	108	6⅞	7⅜	8¼	0⅛	0⅜	1⅛
	110	4⅞	6	6⅞	0⅛	0⅞	1⅝
	112	3⅛	4⅛	5½	0⅜	1⅛	2¼
	114	1⅞	3⅜	4⅜	0⅝	2⅜	3⅛
	116	0⅞	2⅜	—	1⅞	3⅜	—
	118	0⅜	1¼	—	3⅛	4½	—

Option		Calls Mar	Calls June	Calls Sep	Puts Mar	Puts June	Puts Sep
Beecham (*501)	390	120	130	135	1	1½	5
	420	90	102	110	1	4	7
	460	50	67	80	5	13	20
	500	23	38	50	18	28	33
Boots (*285)	220	69	74	80	0½	2	3
	240	49	54	60	1	4	8
	260	29	35	44	1½	6	11
	280	16	23	28	7	13	15
BTR (*294)	260	37	44	53	1½	6	8
	280	21	30	39	5	12	15
	300	9	19	28	14	22	27
	330	2	—	—	40	—	—
Blue Circle (*699)	550	160	167	—	1	2	—
	600	110	117	133	2	5	8
	650	65	80	98	8	15	22
	700	28	50	63	20	32	42
	750	10	22	36	55	63	68
De Beers (*970)	750	235	250	275	3	10	18
	800	185	210	235	7	17	30
	850	140	170	195	12	27	45
	900	110	140	165	20	40	60
	950	75	110	135	45	65	85
Dixons (*348)	300	52	64	72	2	3	7
	330	28	40	52	8	11	16
	360	12	22	30	24	28	30
Glaxo (*1353)	[illegible]						
Hanson (*149)	[illegible]						
Lonrho (*250)	[illegible]						
Tesco (*449)	[illegible]						
Thorn EMI (*558)	[illegible]						
Trusthouse Forte (*218)	[illegible]						

Option		Calls Feb	Calls Mar	Calls Apr	Calls May	Puts Feb	Puts Mar	Puts Apr	Puts May
FT-SE Index (*1891)	[illegible]								

February 6 Total Contracts 57,014 Calls 44,513 Puts 12,501 FT-SE Index Calls 3,818 Puts 2,217 *Underlying security price.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (273)

BRITISH FUNDS (6), AMERICANS (12), CANADIANS (10), BANKS (4), BREWERS (1), BUILDINGS (19), CHEMICALS (3), STORES (10), ELECTRICALS (17), ENGINEERING (5), FOODS (13), HOTELS (4), INDUSTRIALS (32), INSURANCE (4), LEISURE (4), MOTORS (7), NEWSPAPERS (4), PAPER (7), PROPERTY (10), SHIPPING (3), TEXTILES (5), TOBACCOS (1), TRUSTS (62), OILS (11), OVERSEAS TRADERS (2), MINES (15), THIRD MARKETS (2).

NEW LOWS (8)

STORES (1) World of Leather, ELECTRICALS (1) LPA Inds., ENGINEERING (1) Victor Prods., INDUSTRIALS (3) Hawtin, Hille Ergonom, Hollis 252pc Ln., LEISURE (1) Media Tech Int., MINES (1) Musto Expln.

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

Greater London Council 6¼pc 1990-92 £84¼ ½
Bristol Corp Deb 3½pc £25⊕
Manchester (City of) 11.5pc 2007 £106½ (2.2)
Newcastle-Upon-Tyne (City of) 11¼pc 2017 £104¼
Salford Corp 5½pc 1996-98 £93
Local Authority 9¾pc £99.527 (30.1)

UK PUBLIC BOARDS

Agricultural Mortgage Corp 4½pcDb 1961-91 £76 (30/1). 5½pcDb 1993-95 £70. 6¼pcDb 1992-94 £75½ (3/2). 6½pcDb 1985-90 £86½ (3/2). 7¼pcDb 1991-93 £86¼. 10¼pcDb 1992-95 £95 ½ (3/2)
Metropolitan Water West Middlesex Water Works Co 3pcDb £39 (2/2)
Port of London Authority 6½pc 1987-90 £95 (4/2)

Assctd Leisure 7¼pcLn 1929-94 £81½ (2.2)
Astra Hldgs (5p) 19 ¼ ½ ¾ ⅞ 20 20
Audio Fidelity (10p) 56⊕
Automated Security (Hldgs) 5pcCnvPf (£1) 149 (4 2). 8pcCnvLn 1990-95 £377 (30/1)
Automotive Products 9pcPf (£1) 113 (4/2)
Ayrshire Metal Products 44 5

BET 5pcPerpDb £43 (30/1)
BICC 5½pc2ndPf (£1) 48⊕. 7pcDb 1985-1990 £91
BOC Group 4.55pcPf (£1) 55 ½ (4 2). 3.5pc2ndPf (£1) 44½. 12¼pcLn 2012-17 £115¼⊕
B.S.G. Interml 12½pcLn 1993-98 £98 103 5
BSR Interml 5½pcLn 1985-90 £83½ (3 2)
Babcock Interml 4pcPf (£1) 36 (3.2)
Bailey (C. H.) B (10p) 180 (3 2)
Bardsey Wts sub FldOrd 7 (4 2)
Barlow Rand PfdOrd (R0.10) 237½ (30/1)
Barlows (£1) 390 (4 2)

Memory Computer 7.8pcPf 1994-98 (Ir£1) 208 (3 2)
Parkfield Gp 7pcPf (£1) 208 10 (2 2)
Pavion Intnl 3.85pcPf (£1) 44 (3.2)
Perkins (John) Meats (10p) 55
Scanro Hldgs 7.75pcPf (£1) 102 (3/2)
Sigmex Intnl (10p) 66
Spandex (10p) 245 51
Swindon Private Hospital (£1) 120 (2 2)
TSB Channel Islands 94 6 7 109 10 1
Tribble Harris Li Inc ($0.01) 12, 30 (4/2)

THE THIRD MARKET

Abelscot Gp (10p) 445
Aberdeen American Pet (10p) 34 (3.2)
Certon Beach (10p) 52 6 7
Publishing Hldgs (5p) 18

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals A$0.48 0.49 (4/2)
Abitibi-Price C$35¾ (30/1)
Armex Hldgs A$5.58
Acorn Securities A$1.113⊕ p54 5 7 60
Air Express Intnl $13½ (30 1)
Allstate Explns A$1.245
American Barrick Resources C$27¼⊕ £13⅞
Ampol Expln A$3.6
Amsterdam-Rotterdam Bank £26.69 Fl 83.3 84.1 84.2 84.28 84.3 84.35
Anglo American Corp of S Africa (R0.10) $15 ⅞ 15.65 15.8 R69.0 69½ 70.0
Anglo American Gold Inv $79½ R353.0 4 (4/2)
Aust Development 166 (4/2)
Aust Foundation Inv A$2.81
Aust Oil & Gas 107 11 (4/2)
Avions Marcel Dass-Breg-Aviat FFr 1180 00
Beverly Enterprises £10.73⊕ $17.0 (30/1)
Black Hill Minerals 17 (3/2)
Brascan A Npv £16⅞
Brown-Forman Inc Class B £44⅞ (2/2)
Frush Wellman $33.76 (3/2)
Burwill Int 13⊕ (3/2)
CSF (Thomson—CSF) FFr 1460.0 1470.0 1475.0 1480.0
Central Norseman Gold 685
Conex Aust 6 A$0.139
Cons Resources A$0.079 (3/2)
Coopervision $17¼⊕ (30/1)
Development Bank of Singapore 319⊕ S$10½
Du Pont (E.I.) De Nemours £63.90 (4.2)
East Coast Minerals A$0.099 (3/2)
Energy Oil & Gas A$0 759
Epoch Minerals Expln A$0.345 (3/2)
Far East Hotels & Entertainment 5¼ (4/2)
Forest Laboratories £16.71 (30 1)
Generale Occidentale FFr 1217.00 25.49 (30/1)
Geometals A$0.454 (4/2)
Golconda Minerals 57⊕ 58½
Golden Valley Mines $0.402 (30/1)
Grants Patch Mining A$0.65 (3/2)

Source Perrier FFr 760 5
Steep Rock Resources C$2⅞⊕
Stirling Petroleum 1⅛
Sun Hung Kai 23½
Sun Hung Kai Properties HK$18.838 19 0 (4/2)
Swire Pacific B $0.455⊕
Tandem Resources 60½ (4/2)
Target Petroleum 30 (4/2)
Target Petroleum (A$0.15) 17⊕ 18⊕ 16 A$0.478 (3/2)
Tasminex A$0.71 (4/2)
Terramar Resources 40 (4/2)
Tri-Basin Resources C$1.35⊕
United Plantations 115⊕
Valiant Cons 21⊕ 2⊕ 24 5 A$0.548
Village Main Reef R3.57 (3/2)
Vuitton (Louis) 1105 (4 2)
Vultan Minerals 10
Wattle Gully Gold Mines A$0.183 (3/2)
Westfield Minerals 110 (4/2)
Wooltru R15 4 (3/2)
Zaney A$0.462

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds (12p) 23 4 (4/2)
All England Lawn Tennis Gnd £500Db 1986-90 (£862 pd) £18,000
Anglo-Am Agric 68 (3.2)
Ann Street Brewery (£1) 685 95 (2 2)
Appleton (10p) 16 (30/1)
Barbican (1p) 2½ 3 ¼ ½
Beaverbrook Invs (5p) 170 (4/2)
Bolton House (5p) 52 4 (4/2)
Carraun (10p) 4 5
Clarges Pharmaceuticals 5¼pcPf (£1) 64 (3/2)

Cresta (10p) 60
Cawson (Wm) (10p) 520 30 (4/2)
Eastbourne Wtrwks 2.8pcIrPf 115 (4/2)
Explaura (5p) 25
Fredericks Place (20p) 79 80 1
Greenstar Hotels (10p) 32¼ ½ (3/2)
Halifax Bldg Soc 3⅞pc Index-linked 2020 (£100) £97½ 8pc (3/2)
Harvard Secs (2p) 50 2 (3/2)
ICE (1p) 550 (4/2)
Kunick Leisure (10p) 28
Leeds Fireclay 4pc1stMtgDb £21pc (30/1)
Lincolnshire Standard 350 (4 2)
Liverpool FC (£5) £250 (3/2)
London Wall Hldgs (£1) 225 7 (4/2)
Lovat Oil & Gas (20p) 25
Manx and Overseas Inv Tst (10p) 13 (3/2)
Merchant Manufactory Estate (£1) 129 30 (3 2)
Norton Villiers Triumph (1p) 4½ 5 (3/2)
Oodles (10p) 21 ½ 3 4 (4/2)
Rangers FC (£1) £12⅛ (30/1)
Southern Newspapers (£1) 232 3 4 (4/2)
Taddale Invs (10p) 11½ ⅝ 2 (3/2)
Thwaites (Daniel) (£1) 630 5 (4/2)
Thwaites (Daniel) (£1) 627 35 (30/1)
United Trading Corp (5p) 28 9 30
Wistech (5p) 84 7. (5p nil pd) 14 6

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Resources (10p) 53
Konmare Oil Expln (Ir25p) 21 ½ ¾ 2 3 ¼
North West Expln (20p) 31 2

(By permission of The Stock Exchange Council)

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	12,000	152	+3	Ladbroke	774	426	+2
Allied Lyons	10,000	355	+9	Land Securities	1,600	348	+4
Amstrad	6,800	158	−1	Legal & Gen.	2,600	288	+13½
Assoc. Brit. Foods	4,400	334	+3	Lloyds Bank	3,200	492	+17
BAT	4,400	511	+13	Lonrho	1,100	249	+0½
BET	638	502	—	Marks & Spncr	8,400	212	+10
BOC	758	448	+6	Midland Bank	5,500	617	+24
BPB Inds	230	613	+5	NatWest Bank	3,400	617	+24
BTR	3,100	296	+4	Pearson	1,100	568	+11
Barclays	3,000	550	+20	P & O	1,400	593	+4
Bass	246	838	—	Pilkington Bros	1,600	701	+1
Beecham	3,700	503	+4	Plessey	4,800	209	+4
Blue Circle	771	693	−12	Prudential	1,200	885	+27
Boots	10,000	286	+9	Racal	12,000	230	+6
Brit. Aero	1,400	593	+8	Rank Org	707	629	+6
Brit. Gas	82,800	72	+1½	RHM	9,600	308	−11½
Britoil	8,600	204	+8	Reckitt & Col	771	£10$\frac{1}{16}$	+0$\frac{3}{16}$
BP	3,900	815	+17½	Redland	996	482	+10
Brit. Telecom	10,500	240½	+2½	Reed Intl.	1,200	391	+9
Burton	15,850	263	−6	Reuters	945	621	+24
Cable & Wire	11,750	385	+21	RTZ	592	769	+1
Cadbury Schwps	1,000	225	−1	Rowntree Mac	926	471	+5
Coats Viyella	1,000	556	+13	Royal Insurance	1,200	937	+9
Comm. Union	7,600	325	+7½	STC	6,500	213	+11
Cons. Gold	1,800	767	+26	Saatchi & Saatchi	1,000	844	+2
Cookson	1,300	540	+20	Sainsbury	3,500	458	+17
Courtaulds	4,300	390	−1	Scott & Newcastle	929	215	+2
Dee Corp	3,650	236	+7	Sears	15,000	133	+3½
Dixons Grp	5,800	348	+3	Sedgwick	3,000	312	+1
Fisons	249	592	−3	Shell Trans	4,600	£11$\frac{7}{16}$	+0⅛
Gen. Accident	225	908	+9	Smith & Nephew	1,100	140	+1
Gen. Elect	25,000	217	+13	Standard Chart.	750	757	+4
Glaxo	1,200	£13$\frac{7}{16}$	−0$\frac{1}{16}$	Storehouse	4,400	321	+7
Granada	1,200	329	−1	Sun Alliance	851	724	+8
Grand Met	2,300	497	+5	TSB	8,000	77½	+1
Gus "A"	1,300	£12⅜	+0$\frac{3}{16}$	Tarmac	1,000	496	+3
Guardian R.E.	366	858	+10	Tesco	2,800	451	+17
GKN	2,300	326	+6	Thorn EMI	2,000	560	+3
Guinness	7,400	295	+6	Trafalgar House	2,900	314	+9
Hanson Trust	11,000	151½	+3½	T'house Forte	9,400	214	+10½
Hawker Sidd	322	539	+8	Unilever	194	£23½	−0⅛
Hillsdown Hlgs	4,700	245	+14	United Biscuits	5,700	287	+18
ICI	4,600	£13$\frac{11}{16}$	−0$\frac{3}{16}$	Wellcome	1,700	294	—
Imp. Cont. Gas	92	593	+1	Whitbread 'A'	1,500	300	+11
Jaguar	1,300	605	−4	Woolworth	849	750	+8

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	112	0	1	369	125	68
Corporations, Dom. and Foreign Bonds	27	1	43	73	55	227
Industrials	607	373	553	2,706	2,130	2,829
Financial and Props.	253	105	229	978	656	1,301
Oils	50	14	48	182	113	265
Plantations	2	2	10	13	17	40
Mines	87	26	69	330	222	361
Others	102	47	33	492	218	201
Totals	1,240	568	986	5,143	3,536	5,292

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Feb 6 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs Feb 5 Index No.	Wed Feb 4 Index No.	Tues Feb 3 Index No.	Year ago (approx.) Index No.	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (209)	798.14	+1.6	7.93	3.30	15.98	8.74	785.72	781.51	776.96	604.21	798.14	6/2/87	567.56	14/1/86	798.14	6/2/87	50.71	13/12/74
2	Building Materials (27)	974.37	+0.6	8.03	3.35	15.64	0.56	968.25	959.74	960.57	648.51	974.37	6/2/87	613.05	23/1/86	974.37	6/2/87	44.27	11/12/74
3	Contracting, Construction (28)	1364.23	+0.6	7.03	3.43	19.55	0.34	1355.97	1343.89	1336.38	948.02	1364.23	6/2/87	911.08	23/1/86	1364.23	6/2/87	71.48	2/12/74
4	Electricals (12)	1966.53	+0.8	7.66	3.99	16.75	0.00	1950.59	1953.72	1942.46	1697.93	2092.98	21/4/86	1530.81	2/1/86	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1810.92	+3.7	7.94	2.28	16.71	5.15	1745.83	1741.08	1735.87	1470.71	1810.92	6/2/87	1365.94	29/9/86	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	447.34	+0.6	8.94	3.71	14.25	0.17	444.76	443.04	441.40	337.98	447.34	6/2/87	316.63	23/1/86	447.34	6/2/87	45.43	5/1/75
8	Metals and Metal Forming (7)	419.21	+2.3	8.72	3.55	13.93	0.00	409.70	407.18	398.79	266.32	419.21	6/2/87	241.87	2/1/86	419.21	6/2/87	49.65	6/1/75
9	Motors (15)	317.25	+1.1	8.67	3.31	13.31	0.00	313.94	313.48	311.45	242.04	322.48	3/7/86	206.50	14/1/86	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (21)	1330.00	+1.3	6.83	4.14	17.49	0.09	1313.15	1303.24	1288.80	1085.91	1347.13	3/4/86	993.49	21/1/86	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (186)	1088.88	+1.7	6.75	2.90	19.04	0.95	1070.49	1060.61	1054.94	785.03	1088.88	6/2/87	739.82	14/1/86	1088.88	6/2/87	61.41	13/12/74
22	Brewers and Distillers (22)	1019.64	+1.4	8.35	3.40	15.05	0.00	1005.75	998.28	997.18	803.43	1019.64	6/2/87	764.25	14/1/86	1019.64	6/2/87	69.47	13/12/74
25	Food Manufacturing (25)	834.10	+2.1	8.00	3.38	16.43	1.18	817.20	812.68	810.63	572.50	834.10	6/2/87	549.51	14/1/86	834.10	6/2/87	59.67	11/12/74
26	Food Retailing (16)	2039.79	+3.0	6.59	2.66	21.08	9.50	1981.11	1967.62	1958.98	1703.41	2039.79	6/2/87	1629.03	21/1/86	2039.79	6/2/87	54.25	11/12/74
27	Health and Household Products (10)	2012.16	+0.1	4.72	1.89	24.56	0.02	2009.31	1991.01	1981.56	1329.40	2012.16	6/2/87	1175.61	14/1/86	2012.16	6/2/87	175.38	28/5/80
29	Leisure (31)	1123.66	+1.4	6.69	3.69	19.61	0.73	1108.62	1102.84	1101.21	782.05	1123.66	6/2/87	731.17	24/1/86	1123.66	6/2/87	54.83	9/1/75
31	Packaging & Paper (14)	578.05	+1.0	6.14	2.90	21.14	0.38	572.15	571.87	571.94	391.76	578.05	6/2/87	362.52	9/1/86	578.05	6/2/87	43.46	6/1/75
32	Publishing & Printing (14)	3383.62	+1.5	6.00	3.37	21.42	3.41	3333.05	3334.06	3342.45	2000.77	3383.62	6/2/87	1834.16	9/1/86	3383.62	6/2/87	55.08	6/1/75
34	Stores (37)	942.26	+3.0	6.81	2.87	19.96	0.25	914.90	897.02	880.55	735.70	984.64	3/4/86	707.79	23/1/86	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	647.00	+1.0	8.14	3.13	14.13	0.00	640.75	635.33	641.36	443.56	649.30	2/2/87	375.50	14/1/86	649.30	2/2/87	62.66	11/12/74
40	OTHER GROUPS (87)	933.47	+1.3	8.18	3.54	15.21	0.52	921.13	915.96	901.16	723.59	933.47	6/2/87	696.16	21/1/86	933.47	6/2/87	58.63	6/1/75
41	Agencies (17)	1270.03	+2.1	4.52	1.72	30.15	0.30	1244.23	1239.76	1235.28	0.0	1270.03	6/2/87	1111.16	2/1/87	1270.03	6/2/87	1111.16	2/1/87
42	Chemicals (21)	1241.43	−0.6	7.16	3.40	17.03	2.85	1249.51	1247.13	1197.64	798.17	1249.51	5/2/87	729.24	14/1/86	1249.51	5/2/87	71.28	1/12/74
43	Conglomerates (13)	1190.35	+2.0	7.25	3.67	16.36	0.15	1166.98	1156.13	1137.45	0.0	1193.47	15/1/87	1112.14	2/1/87	1193.47	15/1/87	1112.14	2/1/87
45	Shipping and Transport (10)	1779.38	+0.8	5.92	4.20	21.31	0.00	1764.72	1745.56	1725.93	1401.77	1779.38	6/2/87	1316.35	14/1/86	1779.38	6/2/87	90.80	29/6/62
47	Telephone Networks (2)	960.70	+2.0	9.73	4.01	14.01	0.00	941.66	935.91	917.61	866.45	1050.03	4/4/86	712.14	3/10/86	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (24)	1243.29	+2.0	9.83	3.39	11.46	0.07	1219.15	1212.52	1225.26	887.54	1243.29	6/2/87	866.26	9/1/86	1243.29	6/2/87	60.39	6/1/75
49	INDUSTRIAL GROUP (482)	983.50	+1.6	7.44	3.18	17.05	0.79	968.20	961.16	953.06	730.42	983.50	6/2/87	691.89	14/1/86	983.50	6/2/87	59.01	13/12/74
51	Oil & Gas (18)	1690.11	+1.7	10.04	5.36	12.59	0.00	1661.40	1632.91	1603.51	1103.55	1690.11	6/2/87	1093.63	20/2/86	1690.11	6/2/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1043.23	+1.6	7.81	3.49	16.22	0.72	1026.78	1017.86	1007.90	762.95	1043.23	6/2/87	727.53	14/1/86	1043.23	6/2/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	666.52	+1.8	—	4.22	—	0.33	654.80	648.94	652.49	524.51	666.52	6/2/87	507.50	14/1/86	666.52	6/2/87	55.88	13/12/74
62	Banks (8)	741.59	+3.0	17.12	4.95	8.02	0.69	719.94	714.62	714.75	520.00	741.59	6/2/87	517.21	5/2/86	741.59	6/2/87	62.44	12/12/74
65	Insurance (Life) (9)	955.75	+2.8	—	4.06	—	0.00	930.08	919.07	925.20	794.68	955.75	6/2/87	765.18	23/1/86	955.75	6/2/87	44.88	2/1/75
66	Insurance (Composite) (7)	515.59	+1.3	—	4.21	—	0.00	509.09	493.71	497.12	421.77	525.13	14/4/86	403.56	2/1/86	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1192.87	+0.5	8.08	4.44	16.11	0.97	1186.91	1183.56	1188.90	1299.19	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	366.74	−0.7	—	3.14	—	0.00	369.41	370.99	383.71	385.77	390.44	16/1/87	277.36	24/1/86	390.44	16/1/87	31.21	7/1/75
69	Property (47)	839.09	+0.8	5.69	3.50	22.87	0.05	832.37	830.16	833.49	663.83	839.09	6/2/87	635.84	23/1/86	839.09	6/2/87	56.01	20/4/65
70	Other Financial (25)	410.48	+1.1	7.32	3.72	17.32	0.62	405.92	407.11	408.32	297.68	410.48	6/2/87	287.55	24/1/86	410.48	6/2/87	33.29	17/12/74
71	Investment Trusts (96)	933.29	+0.7	—	2.47	—	0.60	926.54	923.37	923.29	661.96	933.29	6/2/87	633.36	14/1/86	933.29	6/2/87	71.12	13/12/74
81	Mining Finance (2)	381.01	+1.4	8.20	4.21	14.34	0.00	375.70	373.13	366.77	260.15	381.01	6/2/87	240.83	2/1/86	381.01	6/2/87	66.31	30/9/74
91	Overseas Traders (12)	837.34	+0.6	9.64	5.34	12.61	0.00	832.22	824.14	826.40	618.79	849.93	27/1/87	597.55	2/1/86	849.93	27/1/87	97.37	6/1/75
99	ALL-SHARE INDEX (727)	941.18	+1.6	—	3.58	—	0.61	926.51	918.64	912.17	694.70	941.18	6/2/87	664.42	14/1/86	941.18	6/2/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Feb 5	Feb 4	Feb 3	Feb 2	Jan 30	Year ago	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♦	1898.4	+32.3	1898.4	1874.5	1866.1	1846.7	1828.6	1832.8	1808.3	1426.9	1898.4	6/2/87	1370.1	14/1/86	1898.4	6/2/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Feb 6	Day's change %	Thurs Feb 5	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	121.60	+0.22	121.33	—	0.85
2	5-15 years	136.40	+0.48	135.86	0.11	1.48
3	Over 15 years	144.01	+0.41	143.43	—	0.94
4	Irredeemables	156.85	+0.42	156.19	—	0.00
5	All stocks	133.84	+0.39	133.38	0.06	1.18
	Index-Linked					
6	5 years	118.04	+0.20	117.81	—	0.00
7	Over 5 years	115.39	+0.41	114.91	—	0.36
8	All stocks	115.79	+0.38	115.35	—	0.30
9	Debentures & Loans	118.68	+0.52	118.07	—	0.25
10	Preference	83.40	+0.16	83.27	—	0.22

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 6	Thurs Feb 5	Year ago (approx.)	1986/87 Highs		1986/87 Lows	
	British Government								
1	Low	5 years	9.15	9.24	9.85	10.26	20/1/86	7.37	18/4/86
2	Coupons	15 years	9.70	9.75	10.34	10.87	20/11/86	8.32	18/4/86
3		25 years	9.71	9.76	10.35	10.88	20/11/86	8.33	18/4/86
4	Medium	5 years	10.13	10.21	11.46	11.89	14/1/86	8.58	18/4/86
5	Coupons	15 years	9.95	10.00	10.80	11.23	20/11/86	8.58	18/4/86
6		25 years	9.82	9.84	10.48	10.79	20/11/86	8.58	18/4/86
7	High	5 years	10.18	10.26	11.59	12.07	20/1/86	8.73	18/4/86
8	Coupons	15 years	10.10	10.16	11.01	11.41	20/11/86	8.73	18/4/86
9		25 years	9.83	9.86	10.62	10.86	20/11/86	8.73	18/4/86
10	Irredeemables †		9.65	9.69	10.24	10.51	20/11/86	8.38	18/4/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	3.18	3.26	4.69	5.18	14/1/86	3.18	6/2/87
12	Inflat'n rate 5%	Over 5 yrs	3.68	3.70	3.89	4.01	20/1/86	3.26	13/5/86
13	Inflat'n rate 10%	5 yrs	1.63	1.70	3.69	4.23	14/1/86	1.63	21/1/87
14	Inflat'n rate 10%	Over 5 yrs	3.53	3.55	3.73	3.85	14/1/86	3.09	19/5/86
15	Debs &	5 years	10.67	10.74	12.16	12.78	27/1/86	9.72	8/7/86
16	Loans	15 years	10.79	10.86	11.81	11.93	4/2/86	9.79	22/4/86
17		25 years	10.80	10.87	11.58	11.91	20/11/86	9.69	17/4/86
18	Preference †		11.24	11.26	12.11	12.18	24/2/86	10.30	9/6/86

♦ Opening index 1874.5; 10 am 1878.5; 11 am 1887.0; Noon 1892.7; 1 pm 1888.6; 2 pm 1891.8; 3 pm 1893.6; 3.30 pm 1887.3; 4 pm 1894.3.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NAME CHANGE: British & Commonwealth Shipping has become British & Commonwealth Holdings (70).

UNIT TRUSTS

BANK RETURN

BANKING DEPARTMENT	Wednesday February 4, 1987		Increase (+) or decrease (−) for week
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	1,834,520,815	−	1,911,447,418
Bankers Deposits	850,587,117	−	82,577,421
Reserve and other Accounts	1,574,544,098	+	60,442,738
	4,274,205,030	−	933,582,101
ASSETS			
Government Securities	524,572,756	−	60,615,000
Advance and other Accounts	689,516,458	+	102,672,434
Premises Equipment & other Secs	3,050,293,695	−	973,679,679
Notes	9,575,385	−	1,952,427
Coin	246,736	−	7,424
	4,274,205,030	−	933,582,101

ISSUE DEPARTMENT			
LIABILITIES	£		£
Notes in Circulation	12,570,424,615	+	21,952,427
Notes in Banking Department	9,575,385	−	1,952,427
	12,580,000,000	+	20,000,000
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	1,658,993,457	+	47,409,002
Other Securities	10,909,991,443	−	27,409,002
	12,580,000,000	+	20,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Feb 87 Vol.	Feb 87 Last	May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Stock
GOLD C	$380	21	25	—	—	—	—	$403.90
GOLD C	$400	—	—	13	22.80	—	—	"
GOLD C	$420	58	1.70	24	12	68	23	"
GOLD C	$440	—	—	59	7A	—	—	"
GOLD C	$460	—	—	22	5	51	10	"
GOLD P	$380	—	—	—	—	20	8.50	"
GOLD P	$400	—	—	—	—	90	15.50	"
GOLD P	$420	90	17A	—	—	—	—	"
		Feb 87		Mar 87		Apr 87		
$/FL C	Fl.195	30	15	—	—	—	—	Fl.209.55
$/FL C	Fl.200	19	10B	120	10.50B	19	11.50B	"
$/FL C	Fl.205	337	5.80	215	7	76	8	"
$/FL C	Fl.210	104	3	331	4.50	62	5.30	"
$/FL C	Fl.215	35	1.10	194	2.30	268	3.70	"
$/FL C	Fl.220	—	—	52	1.20	—	—	"
$/FL C	Fl.225	—	—	55	0.60	—	—	"
$/FL P	Fl.195	20	0.30	22	0.90	40	1.50	"
$/FL P	Fl.200	74	0.70	206	1.90	38	2.50	"
$/FL P	Fl.205	426	1.20	142	2.80	28	4	"
$/FL P	Fl.210	40	3.50	242	5.20	—	—	"
$/FL P	Fl.215	—	—	56	7.70	—	—	"
		Jun 87		Sep 87		Dec 87		
$/FL C	Fl.195	—	—	10	16.90	71	16.80	"
$/FL C	Fl.200	14	12.50	10	13.50	23	14B	"
$/FL C	Fl.205	46	9.70	34	10.80	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.520	117	13.50	58	20.50	20	23	Fl.504
ABN P	Fl.520	112	19.90	1	31.50	7	41	"
AEGON C	Fl.75	61	6.80	—	—	—	—	Fl.80
AEGON P	Fl.90	38	10	6	10.70	—	—	"
AHOLD C	Fl.100	51	6.50	4	8.50	—	—	Fl.102.40
AHOLD P	Fl.100	35	3.70B	—	—	—	—	"
AKZO C	Fl.140	197	3	238	5.30	19	7.80	Fl.132
AKZO P	Fl.130	250	3.80	85	7.50	24	8.80	"
AMEV C	Fl.65	101	3	17	3.50	5	5	Fl.65.30
AMEV P	Fl.70	49	5.40	—	—	—	—	"
AMRO C	Fl.90	108	1.60	17	3.10	6	4.50	Fl.84.20
AMRO P	Fl.85	46	4.30	5	5.50	35	7	"
ELSEVIER C	Fl.230	85	12.30	7	17.50	—	—	Fl.232
ELSEVIER P	Fl.230	27	6.50	2	12A	—	—	"
GIST-BROC. C	Fl.40	75	2.20	31	3.10B	16	4.30A	Fl.39.20
GIST-BROC. P	Fl.45	42	6	4	7.20B	—	—	"
HEINEKEN C	Fl.160	138	4.40	42	6.50	1	8.50	Fl.154
HEINEKEN P	Fl.160	59	7.50	2	11	—	—	"
HOOGOVENS C	Fl.35	184	1.90	38	3.20	10	4.40	Fl.33.80
HOOGOVENS P	Fl.40	76	6.50	43	7.60	—	—	"
KLM C	Fl.40	497	1.80	287	3.10	61	4	Fl.39.50
KLM P	Fl.40	400	2.30	210	3.40	81	4.50B	"
NAT. NED C	Fl.70	105	4.50	8	5.80A	24	6.50A	Fl.71.90
NAT. NED. P	Fl.75	62	4.20	27	5.30	—	—	"
PHILIPS C	Fl.45	721	2.80	153	3.80	57	4.80	Fl.45.90
PHILIPS P	Fl.40	369	0.50	45	1.10	—	—	"
ROYAL DUTCH C	Fl.220	2907	5.80	827	7.20	110	8.20B	Fl.222.10
ROYAL DUTCH P	Fl.210	1195	1.30	232	5.20	126	7.60	"
ROBECO C	Fl.95	8	3.10	4	4	—	—	Fl.97.60
UNILEVER C	Fl.520	203	7.30	15	15.50	7	23	Fl.498.50
UNILEVER P	Fl.500	62	11.30	23	22	—	—	"

TOTAL VOLUME IN CONTRACTS: For 6/2/87 31,884

A=Ask B=Bid C=Call P=Put

INSURANCES

Equity	363.3	384.4	+3.0	—
High Income	310.4	328.5	+2.6	—
Property	217.1	229.7	...	—
Managed	262.3	277.6	+1.4	—
Deposit	177.4	187.7	.	—
Gilt	181.6	192.2	+0.8	—
American	269.4	285.1	+2.8	—
International Money	200.3	212.0	−0.1	—
Index	110.5	116.9	+0.7	—
Far East	213.4	225.8	−0.4	—
Global	105.9	112.1	+0.1	—
European	106.7	112.9	−0.6	—
Japan	114.2	120.8	−0.6	—
Residential Property	96.9	102.5	...	—
2nd Series Pension Accumulation				
Equity	580.5	614.3	+5.4	—
High Income	370.4	392.0	+3.4	—
Property	305.2	323.0		—
Managed	380.4	402.5	+2.2	—
Deposit	264.1	279.5	..	—
Gilt	256.2	271.1	+0.9	—
American	426.3	451.1	+4.8	—
International Money	288.1	304.9	−0.4	—
Index	121.5	128.6	+0.8	—
Far East	236.1	249.8	−0.6	—
Global	109.0	115.3	+0.2	—
European	110.0	116.4	−0.7	—
Japan	119.6	126.6	−0.6	—
Residential Property	97.8	103.5	.	—
Other Funds				
Equity Units	78.00		+0.67	—
Property Units	22.92		.	—
Equity Bond/Exec	48.34	51.15	+0.41	—
Property Bond/Exec	30.96	32.76	..	—
Balanced Bond/Exec	36.94	39.09	+0.20	—
L&E SIF 1	122.5	129.5	+0.5	—
L&E SIF 2	79.5	84.0	+0.5	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	118.0	125.0		—
Risk & Reward Bond	150.0	158.0		—
Murray Johnstone Fd	135.0	143.0	...	—
Money Market Fd	110.0	116.0		—
Investment Strategy Fd	99.0	105.0	..	—
Ivory & Sime Pens Fd	119.0	125.0	.	—
Risk & Reward Pens Fd	132.0	139.0	..	—
Murray J'stone Pens Fd	133.0	140.0	.	—
Money Market Pens Fd	110.0	116.0		—
Inv Strategy Pens Fnd	100.0	106.0	...	—

City of Westminster Assurance

Pen World Growth				—
Pen UK Equity	145.3	153.2	+0.6	—
Pen UK Small Cos	135.6	142.9	−0.1	—
Pen European	99.9	107.3	−1.8	—
Pen Far Eastern	226.8	238.9	+2.4	—
Pen Nth American	98.0	103.2	+1.6	—
Pen Fixed Interest	110.9	116.8	+0.5	—
Pen Index Lnkd Stks	101.5	106.9	...	—
Pen Money	105.4	111.1	...	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 221311

Secure Fund	104.5	110.1	+0.2	—
Blue Chip Fund	135.2	142.4	+1.4	—
Performance Fund	162.6	171.2	+0.8	—
Adventurous Fund	155.8	164.0	−0.3	—
Pensions Secure	95.9	101.0	+0.2	—
Pensions Blue Chip	104.0	109.5	+1.3	—
Pensions Performance	104.8	110.4	+0.7	—
Pensions Adventurous	103.7	109.2	−0.4	—
Pensions With Profits	101.7	107.1	+0.9	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	179.0	184.5	...	3.99

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	182.5	192.1	+0.5	—
Fd of Inv Tsts	151.1	159.0	+0.8	—
Gilt & Fixed Int	117.0	123.2	+0.8	—
High Income	168.8	177.7	+2.2	—
Intnl Growth	113.9	119.9	+0.4	—
Managed	137.9	145.2	+1.5	—
Money	109.3	115.1		—
North American	127.8	134.5	+1.4	—
Pelican	157.6	165.9	+2.4	—
Property	108.9	114.6	+0.1	—
Special Sits	162.5	171.0	+0.4	—
School Fee Managed	151.9	159.9	+1.7	—
Pension Funds				
Far Eastern	209.8	220.8	+0.6	—
Fd. of Inv. Tsts	167.1	175.9	+1.1	—
Gilt & Fixed Int	121.7	128.1	+1.0	—
High Income	194.3	204.5	+3.2	—
International Growth	118.4	124.6	+0.6	—
Managed	151.9	159.9	+1.7	—
Money	119.1	125.4		—
North American	134.7	141.8	+2.9	—

Growth & Sec. Life Assce. Soc. Ltd
23 Boltro Rd, Haywards Heath, W. Sussex 0444 413307

Flexible Finance	176.55		...	—
Landbank Secs	67.62		...	—
Landbank Secs. Acc	209.02	229.25	...	—
G. & S. Super Fd	13.1530		...	—

Guardian Royal Exchange
Royal Exchange, EC3 01-283 7101

Guardian Assurance				
Property Bonds	405.9	422.8	....	—
GRE Linked Life Assurance Ltd				
Managed Initial	353.3	371.9	+2.3	—
Do. Accum	422.5	444.7	+2.7	—
Equity Initial	465.3	489.8	+3.7	—
Do. Accum	556.5	585.8	+4.5	—
Fixed Int. Initial	241.7	254.5	+1.9	—
Do. Accum	289.1	304.3	+2.2	—
Intnl. Initial	394.3	415.1	−1.2	—
Do. Accum	471.6	496.4	−1.4	—
North American Initial	150.0	157.9	−1.2	—
Do. Accum	163.3	171.9	−1.2	—
Pacific Initial	222.8	234.5	−0.7	—
Do. Accum	240.2	252.8	−0.8	—
European Initial	98.6	103.8	+0.3	—
Do. Accum	99.2	104.4	+0.3	—
Property Initial	140.0	147.4	..	—
Do Accum	167.4	176.2		—
Index-Linked Gilt Int	98.5	103.7	+0.6	—
Do. Accum	107.2	112.9	+0.7	—
Deposit Initial	139.9	147.3	...	—
Deposit Accum	167.3	176.1		—
GRE Pensions Management Ltd				
Pens. Managed Initial	390.8	411.3	+3.9	—
Pens. Managed Acc	456.8	480.8	+4.6	—
Pens. Equity Initial	550.4	579.5	+6.9	—
Pens. Equity Acc	643.4	677.3	+8.0	—
Pens. Fxd. Int. Initial	274.7	289.2	+2.3	—
Pens. Fixed Int. Acc	321.1	338.0	+2.7	—
Pens. Int'l Initial	384.6	404.8	+1.1	—
Pens. Int'l. Acc	449.5	473.1	+1.3	—
Pens. Pro. Initial	160.9	169.4	..	—
Pens. Prp. Acc	188.0	197.9	...	—
Pens. Ind-Lkd. Gilt In	114.8	120.8	+0.5	—
Pens. Ind-Lkd. Gt. Ac	124.9	131.5	+0.6	—
Pens. Dep. Initial	182.4	192.0	...	—
Pens. Dep. Acc	213.2	224.4	.....	—

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01-440 8210

Sel Sec A	33.2	35.0	...	—
Managed	27.5	29.0	.	—
Equity	22.0	23.2	..	—
Blue Chip	31.0	32.7	.....	—
Special Sits	30.6	32.3	....	—
International	38.3	40.4	....	—
European Fund	10.3	10.9	...	—
American	25.5	26.9	...	—
Pacific	34.6	36.5	. .	—
Property	24.7	26.0	. .	—
Fixed Yield	22.2	23.4	...	—
Int Currency	17.7	18.7	.	—
Deposit	18.3	19.3	...	—

London A'deen & Nthn. Mtl. Assur. Ltd
129 Kingsway, London WC2B 6NF 01-404 0393

'Asset Builder'	107.2	113.9	...	—

London Indemnity & Gnl. Ins. Co Ltd
18-20 The Forbury, Reading 583511

Money Mkt Feb 1	119.9	128.7	..	—
MM Flexible Feb 1	94.8	101.6	....	—

London Life
100 Temple St, Bristol BS1 6EA 0272-279179

Assurances				
Equity		442.1	..	—
Fixed Int		218.4	.	—
Property		241.0	.	—
Deposit		174.7	..	—
Mixed		330.7	...	—
Index Stock		121.0	.	—
International		178.1	...	—
Assurances—Series A				
Equity (A)		115.6	...	—
Fixed Interest (A)		98.1	...	—
Property (A)		107.2	...	—
Deposit (A)		103.9	..	—
Mixed (A)		110.0	..	—
Index Stock (A)		95.8	..	—
International (A)		112.6	..	—
Pensions				
Equity (P)		410.6	...	—
Fixed Int. (P)		247.3	...	—
Property (P)		186.6		—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. | $18.18 | | —
Inv. Adv.: M & G. Inv. Mngt. Ltd. London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765
Japan Meta Growth | $10.77 | | —

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech. | $18.55 | | —
Dynamic Gwth Fd. | $21.07 | −0.17 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund | $12.47 | 13.27 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd — Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	10.75	8.02	11.78	3-mth
CAFCASH 7-day Fund	10.53	7.87	11.56	3-mth
The Charities Deposit Fund — 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.65		11.08	3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.60	7.92	11.41	6mth
7-day Fnd	10.59	7.92	11.41	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.76	9.04	11.55	6-Mth
7-day Fund	10.64	7.95	11.42	6-Mth
Dollar	4.81	3.60	5.14	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	10.25	7.50	10.86	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
MthlyChq £1000-£5000	10.00	7.48	10.90	Mth
Mth. Int. Chq. £5,000+	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	11.25	8.41	12.31	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.25	7.66	11.18	Mth
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd — 9 Henrietta Place, W1M 9AG. 01-681 3913				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth
Brown Shipley & Co Ltd				

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	46
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons.	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC.	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	$3\frac{1}{2}$
Hanson Tst	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46		
Marks & Spencer	18	Cons Gold	62
Midland Bk	48	Lonrho	22
Morgan Grenfell	26	Rio T Zinc	62

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
100¾	97 9/16	Treas. 10¼pcCv '87	100 1/32	+1/16	—	—
99 11/32	92 11/16	Exch 2½pc 1987	99 13/16	+1/16	—	—
101	97¼	Exch 10½pc 1987	99⅞		10.51	10.82
100 1/32	93⅝	Funding 6½pc 85-87	99 13/32	+1/16	6.55	9.90
102⅛	96 13/16	Treas. 10pc 1987	99¾	+1/32	10.02	10.64
98⅛	90¾	Treas 3pc 1987	98 1/16	+⅛	3.06	7.72
104½	99⅛	Treas. 12pc 1987	101⅛	+1/32	11.87	10.32
99¼	92 15/16	Treas 7¾pc 1985-88‡‡	98⅛	+1/16	7.89	9.69
104	95¼	Exch 10½pc '88	100 3/16	+1/16	10.47	10.24
102⅝	95⅛	Treas 9¾pc Cv '88	99⅞	+1/32	9.81	10.23
94¼	86⅝	Transport 3pc '78-88	93⅞	+1/16	3.20	7.72
102⅛	93 11/16	Treas. 9½pc '88	98 23/32	..	9.62	10.28
107	98	Treas 11½pc 1989	102 11/32xd	+⅛	11.24	10.19
103½	93⅛	Treas 9½pc Cnv 1989	98 13/32	+⅛	9.64	10.21
92⅛	82	Treas 3pc 1989	90	+¼	3.32	7.75
105	95	Treas 10½pc 1989	100 13/32	+⅛	10.44	10.19
104	94⅛	Exch 10pc 1989	99 13/32	+⅛	10.04	10.19
107	97	Exch 11pc 1989	101	+⅛	10.81	10.21
95	84½	Treas 5pc 1986-89	90	+⅛	5.50	8.88
110	94⅝	Exch 10¼pcCv '89	101⅞	+3/16	10.06	9.46
114	103	Treas 13pc 1990‡‡	107	+⅛	12.13	10.09
108½	97⅛	Exch 11pc 1990‡‡	102⅜xd	+1/32	10.75	10.07
113⅛	101 13/16	Exch. 12½pc 1990	106	+3/16	11.78	10.14
89¼	79⅝	Treas. 3pc 1990	86¼	+1/16	3.48	7.86
100	89⅛	Treas 8¼pc 1987-90‡‡	95⅞	+1/16	8.59	9.67
106	93	Treas. 10pcCv 1990	99⅝	+1/32	10.04	10.12
86	76½	Exch 2½pc 1990	83	+⅛	3.01	7.76
112	99	Treas 11¾pc 1991	105	+1/32	11.18	10.13
94¼	83	Funding 5¾pc '87-91‡‡	88⅞	+1/16	6.50	9.15
[illegible]	79	Treas. 3pc 1991	82⅛	+¼	3.65	8.04
101	95	Treas 10pc Cv '91	101	+1/16	9.85	9.56
110⅝	96	Exch. 11pc 1991	103¼	+3/16	10.65	10.09
118¼	105⅝	Treas 12¾pc 1992‡‡	110¼	+3/16	10.57	10.07

Five to Fifteen Years

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
107⅝	92	Treas 10pc 1992	99⅞xd	+¼	10.02	10.04
109¼	94	Treas 10½pc Cv 1992‡‡	101¼	+⅛	10.33	10.07
117¼	101	Exch 12¼pc '92	108⅞xd	+3/16	11.25	10.12
123¼	106⅞	Exch 13½pc 1992	113	+1/16	10.87	11.21
108	93	Treas 10pc 1993‡‡	99¾	+⅛	10.04	10.07
120⅞	103½	Treas 12½pc 1993‡‡	110	+⅛	11.27	10.14
92	78½	Funding 6pc 1993‡‡	85 xd	+¼	7.02	8.96
128¼	109	Treas 13¾pc 1993‡‡	116	+⅛	11.75	10.20
133¼	113	Treas 14½pc 1994‡‡	121⅝xd	+1/16	11.93	10.13
127¼	108⅛	Exch 13½pc 1994	116	+½	11.62	10.26
41	39	Treas 10pcLn '94 (£40pd)	41	+⅛	10.05	10.08
122¼	103½	Exch. 12½pc 1994	111 xd	+1/16	11.19	10.22
104	86	Treas 9pc 1994‡‡	94	+1/16	9.51	10.00
120⅛	101	Treas 12pc 1995	109	+⅛	10.94	10.19
79	68⅛	Exch 3pc Gas 90-95	76⅝	+1/16	3.92	6.77
110½	92¼	Exch 10¼pc 1995	100	+½	10.19	10.13
126⅛	106	Treas 12¾pc 1995‡‡	114⅝	+1/16	11.11	10.15
133¾	111	Treas. 14pc '96	121⅛	+½	11.55	10.31
103⅞	86	Treas 9pc 1992-96‡‡	94¼xd	+1/16	9.55	9.97
142¾	119¾	Treas 15¼pc 1996‡‡	129	+½	11.80	10.26
130½	108⅞	Exch 13¼pc 1996‡‡	118¼	+⅛	11.25	10.22
84½	74	Redemption 3pc 1986-96	82⅞	+1/32	3.63	5.48
106⅞	90	Conversion 10pc 1996	99¼	+½	10.08	10.12
131⅛	109	Treas 13¼pc 1997‡‡	118	+1/16	11.16	10.20
112¼	93½	Exch 10½pc 1997	102¼xd	+½	10.27	10.14
101⅝	84	Treas 8¾pc 1997‡‡	92⅛xd	+⅛	9.52	9.94
143	118	Exch 15pc 1997	129¼	+½	11.61	10.40
107⅞	89	Exch. 9¾pc 1998	97½	+⅛	9.99	10.11
88¼	72⅞	Treas 6¾pc 1995-98‡‡	80	+1/16	8.39	9.63
148⅝	123	Treas. 15½pc '98‡‡	134	+1/16	11.52	10.32
124⅛	102	Exch. 12pc 1998	112¼	+1/16	10.70	10.19
107¼	88⅝	Treas 9½pc 1999‡‡	96	+⅛	9.82	9.96
126½	104	Exch. 12¼pc 1999	114	+1/16	10.74	10.19
114	94	Treas 10½pc 1999	103⅛	+1/16	10.19	10.06
112	92	Conversion 10¼pc 1999	101¼	+1/16	10.13	10.07
103⅝	85¼	Conversion 9pc 2000‡‡	93⅝xd	+1/16	9.62	9.88
135½	110	Treas. 13pc 2000	120	+½	10.82	10.21
111⅛	91	Treas 10pc 2001	100 xd	+1/16	9.97	9.96
137¼	114	Treas. 14pc '98-01	124⅛	+½	11.28	10.33
109¼	89⅞	Conversion 9¾pc 2001	98⅝xd	+⅛	9.89	9.93

Over Fifteen Years

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
124⅝	102	Exch. 12pc '99-02	112	+⅛	10.68	10.18
111¼	91⅞	Conversion 10pc 2002	100⅝	+1/16	9.95	9.92
109⅞	89⅞	Treas 9¾pc 2002	98 xd	+1/16	9.87	9.90
139	114	Treas. 13¾pc 2000-03	125⅜	+1/16	10.97	10.23
112⅝	91⅞	Treas 10pc 2003	100⅞xd	+1/16	9.91	9.98
123¼	101⅞	Treas. 11½pc 2001-04	110	+1/16	10.37	10.04
112½	91	Treas. 10pc 2004	101	+1/16	9.88	9.85
60⅝	48	Funding 3½pc '99-04	53	+⅛	6.56	8.77
108	88⅛	Conversion 9½pc 2004	97	+⅛	9.78	9.84
108¼	88¼	Conversion 9½pc 2005	97	+¼	9.78	9.82
117⅝	96	Exch 10½pc 2005	105½	+¼	9.93	9.82
133¼	109	Treas. 12½pc 2003-05	120½	+⅛	10.37	9.95
95¼	77	Treas. 8pc 2002-06‡‡	85¼	+1/16	9.38	9.68

Undated

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

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HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
102	70	♦Metsec 10p	83	−1	12.46	2.6	4.2	12.8
78½	45	Mitchell Cotts	60	+1	1.5	2.1	3.5	15.4
128	81	♦Monks & Crane 10p	124	+2	L2.7	2.9	3.1	15.2
323	210	Morgan Crucible	316	−1	†8.5	1.5	3.8	21.0
23½	15½	♦Morris (W) F.A. 20p	20	.....	—	—	—	—
175	65	Mysion Grp 10p	175	.....	†2.69	2.6	2.1	22.6
365	213	♦NMW Computers	265	+8	†6.0	3.0	3.2	15.2
158	27	Nash Inds.	151xd	.....	1.5	2.6	1.4	38.3
27½	12½	Neill & Spencer 10p	16	+2	—	—	—	—
39	28	Newman Inds 10p	39	+1	†0.8	1.5	2.9	(29.8)
134	65	Noble & Lund 10p	88	.....	0.7	4.3	1.1	29.0
158	152	Nobo Group 10p	154	−1	hR4.75	2.8	4.3	11.7
65	39	Nolton	50	.....	1.2	2.9	3.4	14.3
152	96	♦Norank Systems 5p	144	+1	m1.5	—	1.5	18.5
286	187	Norcros	266	+2	†9.3	2.3	4.9	12.2
260	49	Nu-Swift 5p	259	+5	†3.5	2.1	1.9	34.8
£356½	£228	OCE 9pc Cnv 1987-92	£282½	.....	Q9%	—	13.2	—
125	80	Oakwood Grp	116xd	.....	4.0	♦	4.9	♦
250	173	Office & Elect	188	.....	8.5	2.9	6.4	7.7
34	26	♦Omnitech 1p	33	.....	—	—	—	—
36	18	♦Optometrics $0.01	18	.....	—	—	—	—
890	500	Oriflame £1	880	−8	†28.5	2.1	5.0	15.5
10	5	Ovelstone 12½c	8½	+½	Q0.23c	1.9	21.8	4.5
142	85	♦PCT Grp 10p	135	.....	d3.2	—	4.9	—
£20½	£13¼	PLM 'B' Sk 25	£18⅛	+⅛	Q23.2%	0.3	3.3	—
255	160	♦Pacer Systems $0.01	164	−2	Q$0.84c	4.3	1.6	24.4
195	97	Pacific Dunlop $0.5	195	+1	bQ11.36c	2.1	2.5	19.6
78	44	♦Pacific Sales 10p	52	+2	3.0	1.4	8.1	12.4
528	246	Parker Knoll 'A'	473	−2	12.0	3.2	3.6	12.4
223	83	♦Parkfield Group 2p	223xd	+3	†3.6	4.2	2.3	14.2
53	17	♦Paxton Intl	32	−½	—	—	—	8.5
£130	£64½	Do 11pc CvLn '94-02	£100	.....	Q11%	—	11.5	—
617	393	Pearson	568	+11	†10.0	2.8	2.5	18.5
63½	12	Peek Holdings 3p	63½	+4	—	—	—	—

LEISURE—Continued

1986/87 High	Low	Stock
70	32	Leisure Inv 10p
112	55	Leisuretime Int 10p
123	91	♦Lewmar
98	71	♦Marina Dev. 50p
188	149	Mecca Leisure 10p
220	88	♦Media Tech Int 20p
175	130	Medminster 10p
232	114	♦Midsummer Leis 5p
220	130	♦Miss World 10p
90	62	Nationwide Leisure
17	8	♦Nimslo Int 20c
94	23	Omnicorp Invs NZ$0.5
294	114	Orient Ex Hlds $0.12
50½	23	♦Owners Abroad 3p
90	46	Photax (Lon.)
43	25½	♦P'dilly Radio NV
95	25½	♦Pineapple 10p
391	280	Pleasurama 5p
178	136	Do. 7pcCvCmRedPf
157	94	Prestwich
51	18	♦Radio City 'A' NV
63	33	♦Radio Clyde N/V
403	322	Really Useful Grp 5p
64	36½	Riley Leisure 10p
230	129	Saga Hols. 20p
355	148	Samuelson Grp 20p
123	69	♦Sangers Photo 10p
178	93	Scawro 20p
412	175	Scott. TV 10p
27	7	♦SelecTV 10p
37	19	♦Spectrum 5p
229	119	Stanley Leisure
61	31	TSW 5p
286	137	♦TV-am 10p

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O.F.S.

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Central African

Finance

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Tins

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THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

FINANCIAL TIMES
Saturday February 7 1987

Trading nerve and skill for bonds

BY RODERICK ORAM IN NEW YORK

ONLY STAKES and ethos distinguish Salomon Brother's 41st floor trading room overlooking New York harbour from dozens of other dealing rooms around Wall Street on the day of a Treasury bond auction. The firm, proud of its reputation as the dominant government bond dealer, plays bigger and harder than anyone else.

Its traders assiduously work the phones, sifting through rumour and half-truths to try to discover who is after what at the auction. The midday sun streams into the wood-panelled room, except where blinds block a spectacular view of the Statue of Liberty.

Across 14 time zones and the international dateline in the early hours of Friday, skeleton crews of senior traders of the big Japanese security houses play the same game of bluff and counter-bluff from their desks in the Kabuto-cho financial district of Tokyo.

Misjudging the volume and price of its bid could cost a firm if, stuck with too many or too few bonds, it has to trade its way out of trouble in the post-auction secondary market. But it could make millions if, with nerve and skill, it buys low and sells high to other firms and investors.

At first glance it seems time has stood still in Salomon's trading room as the 1 pm bid deadline nears. Big digital clocks showing time in a dozen cities around the world had stopped at 13.04, New York time, the previous afternoon. But none of the scores of traders doubt for a minute that the moment to fix the bid is closing in.

THE DOLLAR was given an early boost yesterday by what the market read as an indication that the US was not concerned to push the currency lower. It moved to a high of DM 1.8695 in busy morning trading in Europe, almost 3 pfennigs up on the London Thursday close, before easing later to finish at DM 1.856.

The currency rose after a Reagan administration official said that Mr Paul Volcker, chairman of the Federal Reserve Board, and Mr James Baker, US Treasury Secretary, shared the same view on the dollar. Mr Volcker has recently tended to warn against a continued decline in the currency, while Mr Baker is believed to favour a further weakening.

Speculation ahead of the release of US unemployment figures for January yesterday afternoon also helped the dollar. The figures then came out, showing the largest increase in the non-farm payroll since February 1984, an extremely positive factor for the currency.

It became clear afterwards, however, that the figures had been boosted substantially by a variety of special factors, and the dollar fell back again in subdued late business.

Shortly after 12.30 pm, Mr Tom Strauss, Salomon's president, Mr E. Craig. Coats, its head government bond trader, and a handful of other key players troop into an imposing black-walled office off the trading room. Mr John Gutfreund, Salomon's chairman, holds confidential meetings here but, a trader first and last, he often works at a desk in the trading room, a big box of Partagas cigars close to hand. For this auction he is off the premises, but joins in the discussion by telephone.

The meeting breaks up after seven or eight minutes and participants hurry back to their desks. Mr Coats, who will make the final decision on the volume and price of Salomon's bid, clamps a phone to his ear to trawl his contacts one last time.

It's tougher than usual to calculate the clever bid. Persistent rumours of strong demand have pushed the secondary market yield of the long bond below the level at which the Japanese had talked of being big buyers. Would they follow this rally and stick with their purported demand; or would they fade into the night, Tokyo time?

One by one, Salomon traders are getting up from their seats. At first it seems casual, like baseball fans taking the ritual seventh inning stretch. It becomes obvious one thing is on their minds.

Maintaining the super cool, focused nonchalance of young men and women who win and lose millions of dollars in a day's trading, they glance repeatedly and intently at Mr Coats in the moments leading up to the deadline. Perhaps 40 or more are on their feet as he makes up his mind just before 1 pm.

The room quietens. Without a flicker of emotion he mumbles Saloman's multi-billion dollar bid down the phone to the firm's runner at the Federal Reserve Bank of New York, the Treasury's auction agent, in its mock-renaissance palace half a mile to the north.

The tension eases for all except Mr Coats. Pausing only to relight his large cigar, he keeps up his phone calls, trying to separate fact, lies and deliberate disinformation to determine what others have bid.

He needs to know so he can gauge how to play the post-auction market. One of the traders gets a little panicky about exactly what he asked Mr Coats to buy for him. Another admits to being exhausted; the auction was more tense than usual. The clocks spring back to life at 13.10.

Three hours later the results are announced. The average yield of successful bids is 7.49 per cent and Wall Street believes the Japanese bought perhaps a third of the issue, even though they had indicated a preferred range of 7.5 to 7.55 per cent.

Somewhere out in Wall Street or Kabuto-cho some dealers have found themselves short, and a flurry of trading ensues as they scramble to cover their positions. The yield falls further as those smart or lucky enough to have bonds to sell profit from the rally.

The auction is already history and traders are jockeying for position at the next hurdle. Rumours flood the market that economic figures to be released next morning will unsettle the markets. What was won today could easily be lost tomorrow.

Tokyo reaction, Page 9

Reference terms set for bank inquiry

By David Lascelles, Banking Correspondent

THE BANK of England has given wide terms of reference to inspectors appointed to investigate Standard Chartered's defence against Lloyd's Bank's hostile takeover bid last year.

The inquiry has been initiated at Standard's request following suggestions that the bank may have financed supporters who bought its shares and helped thwart the bid. Standard denies this.

The Bank yesterday named as its inspectors Mr P. N. Gerrard and Mr R. Sleigh from the law firm of Lovell, White and King, and Mr B. Smoutha of the accountants Touche Ross.

The firms were chosen because they have no connection with Standard Chartered or Lloyds Bank, or other parties to the bid.

The inspectors are being asked to look into all matters relating to Standard's defence strategy. In particular, the will investigate.

- Shareholders who own more than 1 per cent of Standard's stock. This would include the "white squires" who came to Standard's rescue, including Sir Y. K. Pao, the Hong Kong shipping magnate, Mr Robert Holmes à Court, the Australian entrepreneur; Tan Sri Khoo Teck Puat, the Malaysian financier; and companies such as Lonrho and Liberty Life of South Africa.
- Changes in shareholdings that occurred during the bid.
- Relations between the shareholders and Standard Chartered, in particular their links as customers and borrowers.
- Matters to do with Standard's controls and prudent management of the bank.
- Any apparent breaches of the Takeover Code, the Companies Act and the Stock Exchange's rules.

The inspectors have been asked to report back as soon as possible, and it will be up to them whether they want to make an interim report before their full report is complete.

It was expected last night that they would take 10 days to sift through the documents before beginning their interviews.

The Bank of England is expected to announce the broad conclusions of the final report but none of hte details because many of them will be covered by the confidentiality constraints of the Banking Act. Standard Chartered could disclose more details if it chooses.

THE LEX COLUMN

The bull chases its own tail

The latest upwards spasm in share prices has put an awkward question to the forecasters, who have only recently circulated the City with their annual prognoses. Following yesterday's rise, the market has already arrived at the point which it was supposed to reach at the end of the year. So is it destined to follow the pattern of 1986 and stagnate for the next ten months, or have the pundits got it badly wrong? While most feel distinctly nervous at these levels, the market-makers are hardly likely to go short at this stage, particularly as the more cautious have just received a battering they are unlikely to forget.

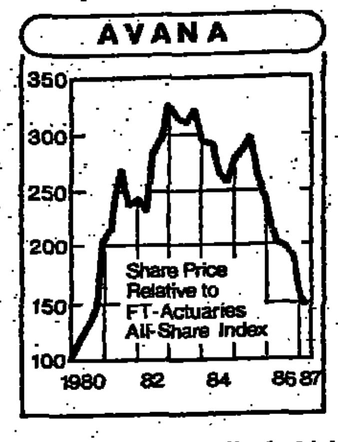
The drive forwards has been concentrated in the big capitalisation stocks, so that last week the FT SE 100 gained in value at almost twice the rate of the All-Share. That is normally considered a sign of soundness, as distinct from the speculation in second liners that characterises a decadent market. Yet the market does seem to be relying on arguments which would do justice to a pyramid salesman.

First there was the theory that London is cheap by the standards of the international competition — which presupposes that the other exchanges are not themselves expensive. Unless we are to drop all the shibboleths of price earnings ratios and yields, in favour of a pure liquidity theory, there is little sense in comparing London with Tokyo.

Yesterday's rush into bank shares was another example of the house of cards technique. Since many other sectors have been riding high the banks are deemed to have become cheap. Yet the earlier high fliers may well have been revalued on the basis of genuine stories. It is crazy to assume that all the relative standings of the sectors are perfect, and that none should be allowed to lag behind. Yesterday Glaxo and ICI—star performers over the week—lost ground. Soon we could be hearing that they are cheap following the rerating of the banks.

Index rose 22.7 to 1508.9

AVANA



RHM/Avana

"Jam yesterday" has for some while been the market's rather ungrateful verdict on Avana, where profits got stuck a couple of years ago after growing at a frantic pace for the previous decade. Having outperformed the market for years, and established an accordingly high multiple, Avana's shares completely lost momentum; the failure of Avana's bid for Bassett in 1984 seems to mark the point at which Avana was no longer the flavour of the decade.

For Northern Foods, holding 20 per cent of the company, the investment became doubly less rewarding: not only did the stake fail to increase in value, but the absence of growth in Avana's earings showed up directly as a component in Northern's own less than sparkling recent progress. If Northern had attempted to plice its shares at any time in the past year or so, nobody would have been remotely surprised.

Handing the whole lot to RHM as a bid platform is ratser a different matter. The price RHM was willing to pay, 700p a share, is without doubt a reasonable premium; 18 times historic earnings is the kind of multiple on which Avana used to trade whe nitwa s growing at 30 per cent a year. The difference between 700p and the 500p that Northern might have got in a wide-scatter placing is also something that it would have been hard to forgo in the interests of gentlemanly conduct.

And yet, Avana's Dr John Randall has every right to feel that he has been barshly treated. Though the City may be convinced that he lost his way afted Bassett, there must be every prospect that growth is about to be resumed — with or without the ambitious industrial park that is planned to improve Avana's capacity as a manufacturer of private label food for the retail multiples. Even at this price, RHM would probably escape without dilution, and the fit is so good that the OFT ought to ask some serious questions about monopoly in cake.

APV/Baker Perkins

The euphoria that has surrounded the supposedly model industrial marriage between APV and Baker Perkins was bound to unwind eventually but the dramatic circumstances in which it has done so—a lower offer from APV and the demotion of the Baker management in the merged group—are in danger of disguising the largely undamaged merits of the deal. Indeed, the argument that Baker needed APV's apparently more rigorous management, which could only be whispered while the merger lived, can now be stated openly and vindicated.

The Baker senior management has certainly paid dearly for a cost over-run. It appears to have been caused by industrial indigestion in a subsidiary which has grown from a turnover of £25m to £85m in 30 months. The damage to pre-tax profits will be considerable (halving the 1987 estimates to about £7m) but containable, and the provisions should not impinge much on the following year. A reduction of £30m in the value of APV's offer plus the withdrawal of its second half dividend may thus seem a bit tough on the Baker shareholders but at least one quarter of that fall in value has come from yesterday's decline in the APV share price.

The market being unused to second offers tat go down, has confusedly left the Baker share price at a 20p premium to the revised APV terms. That reflects either the belief that the APV price will bounce back up when the benefits of the lower offer are recognised or—more likely—the expectation that Mr Robert Maxwell's desire to "save" British engineering—will tempt him to make a formal bid next week. Notwithstanding the lower offer, Baker's shareholders are still sitting on a £1 a share profit on December's price, but would no doubt welcome Mr Maxwell's pressure on APV to restore at least a little of what they took away yesterday.

Equity indices reach unprecedented levels

BY TERRY BYLAND

LONDON'S EQUITY market celebrated the close of 1987's second trading account with a surge into new territory on the indices.

Hopes for lower interest rates and a generous Budget brought widespread demand for leading shares from both UK and overseas investment institutions.

The FT Ordinary share index soared above 1,500 for the first time, closing 22.7 up on the day at 1,508.9, following the trend of other major world stock markets. The index shows a gain of nearly 192 points since January 1.

The FT-SE 100 index went ahead by 32.3 to 1,898.4 yesterday, closing at the day's best as the market moved into the new trading account.

After reaching successive records in January the stock market gathered pace during the week as traders were caught short of stock and the investment institutions reacted to the brighter outlook for the UK economy.

Yields on long-dated Government bonds broke down through the 10 per cent barrier on Thursday, and London interbank rates fell below 11 per cent yesterday.

Market indices have been driven higher by strong gains in Glaxo and Imperial Chemical Industries, though both closed lower yesterday.

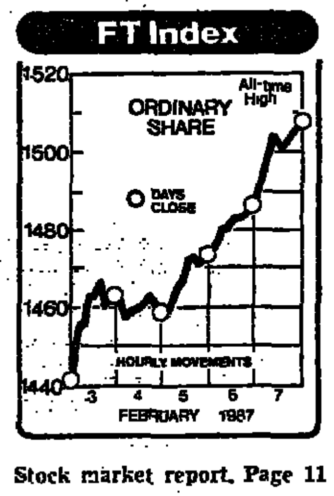
But there has also been heavy demand for food and consumer issues, reflecting City optimism on Budget prospects and consumer-spending trends.

This sector was featured yesterday by a £243m bid for Avana, the food group, by Ranks Hovis McDougall.

London's government bond market turned firmer last week in response to the success of the auctions of US Treasury bonds in New York. Also buoying hopes for lower interest rates is the awareness that the authorities in Britain have little need for further funding before the end of the financial year in April.

The market took without difficulty the announcement yesterday of a new £800m long-dated Government tap stock.

FT Index



Stock market report, Page 11

Waite may be freed, says Beirut magazine

BY NORA BOUSTANY IN BEIRUT AND LIONEL BARBER IN WASHINGTON

MR TERRY WAITE, the Archbishop of Canterbury's envoy who disappeared in the Lebanon on January 21, may be released in the coming week, according to a Lebanese magazine which has close links with Iran and Shi'ite extremists.

The publication, Ash Shiraa, quoted well-informed Islamic informants as saying that his captors saw his detention as a way of "reactivating severed communications lines with the US."

Threats by the "Islamic Jihad (Holy War) for the Liberation of Palestine" to kill four lecturers seized last month from Beirut University College, three US citizens and an Indian with American residency rights, should be discounted, says the magazine which sprang to prominence by first revealing information about US arms shipments to Iran in return for the release of American hostages.

Ash Shiraa quoted its informants as saying the warning to kill the four hostages unless Israel freed 400 Palestinian prisoners was meant to "politically embarrass certain regional US allies."

The apparent rationale of the captors was that the political value of holding hostages would be lost if the Americans were killed.

However, the magazine suggested that the execution of one hostage could not be ruled out as a means to prove the captors' credibility and to build up pressure in negotiations involving Mr Waite. Ash Shiraa suggested that Mr Waite would probably be released "as soon as the military storm in the region settles down."

The report, regarded as significant in Beirut, was published as the US apparently sought to lower its military profile in the eastern Mediterranean. In Washington, Pentagon and State Department officials said yesterday that hte size of the neval force was being reduced.

The aircraft carrier John F. Kennedy, part of the US Sixth Fleet force of 22 vessels in the region earlier this week, yesterday docked at the Israeli port of Haifa where it is likely to remain for a week. Other ships, though, including the carrier Nimitz, remained on alert, the officials said.

Some of the vessels carrying an assault force of US Marines had been moved westwards, a US navy official said. The build-up started after the abduction of the four lecturers on January 26.

Andrew Whitley in Jerusalem adds: Pro-Iranian Lebanese guerrillas have clashed repeatedly with Israeli forces and those of the South Lebanon Army, Israel's Christian allies, over the past 48 hours. The clashes left 11 dead and six injured, the highest two-day toll since the end of the Lebanon war in mid-1985. The increased tempo of fighting in southern Lebanon's hilly border region has added to the palpable tension in the Middle East, as the Monday deadline set by the kidhappers of the four Beirut University lecturers nears. Israel has rejected their demands for the release of 400 Arab prisoners.

West should look to Syria, Page 6

Continued from Page 1

SDI

from, scuttling prospects for further arms control agreements with Moscow. They have written to President Reagan warning that the re-interpretation of the ABM treaty, which Mr Reagan is said to be leaning towards, would "erode support" in Congress for SDI.

The letter from senior members of the House armed services committee amounts to a veiled threat that some Democrats will try to use congressional control of funding for SDI to force the Administration not to change its present position.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Avana	687	+ 207
BAT Inds	511	+ 13
Baggeridge Brick	635	+ 20
Barclays	559	+ 20
Brit & Commonwlth	364	+ 13
BP	815	+ 17½
Cable & Wireless	385	+ 21
Cookson	540	+ 20
GEC	217	+ 13
GUS "A"	£12⅞	+ 5/16
Hallite	215	+ 20
Ibstock Johnsen	236	+ 11
Jessups	141	+ 10
Johnson Matthey	290	+ 17
Lucas Inds	585	+ 20
NatWest Bank	617	+ 24
Next	285	+ 13
Northern Foods	310	+ 19
Nottingham Brick	373	+ 10
Pearl	383	+ 11
Prtsmth & Snderlnd	190	+ 14
Reuters "B"	621	+ 24
STC	213	+ 11
Tomkinsons	355	+ 25
Trusthouse Forte	214	+ 10½
Whitbread "A"	300	+ 11
FALLS		
APV	620	− 22
Baker Perkins	331	− 74
Hill Samuel	437	− 17
RHM	308	− 11½

WORLDWIDE WEATHER

UK today: Showers in most regions. Generally mild. Outlook: Unsettled with showers, some bright intervals.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	Corfu	F	13	55	Madeira	C	16	61	Perth	S	26	79
Algiers	F	15	59	Dublin	C	10	50	Madrid	S	8	46	Prague	F	1	34
Amsdm	R	8	46	Dbrvnk	S	14	57	Majorca	S	15	59	Rykjvk	C	2	36
Athens		—	—	Ednbgh	S	9	48	Malaga	C	16	61	Rhodes	F	15	59
Bahrain		—	—	Faro	S	16	61	Malta	C	15	59	Rio J'o		—	—
Barclna	S	13	55	Florence	S	15	59	M'chstr	C	9	48	Rome	S	15	59
Belfast	F	9	48	Frankft	C	4	39	Melbne	S	26	79	Salzbrg	S	−4	25
Belgrd	Fg	−4	25	Geneva	C	2	36	Mx. C.		—	—	S'ciscot	F	9	48
Berlin	C	5	41	Gibrltr	F	15	59	Miami†	F	22	72	Seoul	F	5	41
Biarritz	C	10	50	Gl'sg'w	R	8	46	Milan	S	5	41	Singapr	S	30	86
Bmghm	F	11	52	G'rnsey	R	9	48	Montrl†	C	−9	16	S'tiago		—	—
Blackpl	S	8	46	Helsinki	C	2	36	Moscow	F	3	37	Stckhm	C	3	37
Bombay	S	32	90	H Kong	S	20	68	Munich	C	2	36	Strasbg	F	4	39
Bordx	F	10	50	Innsbrk	S	2	36	Nairobi	C	25	77	Sydney	F	27	81
Boulgn		—	—	Invrnss	C	7	45	Naples	F	13	55	Tangier	C	16	61
Bristol	R	9	43	IoMan	S	9	48	Nassau		—	—	Tel Aviv		—	—
Brssl	Dr	6	43	Istanbul	S	7	45	Nwcstl	S	10	55	Tenerife	F	20	68
Budpst	Fg	−5	23	Jersey	C	9	48	N Delhi	S	22	72	Tokyo	F	12	54
Cairo	S	21	70	Jo'burg	C	27	81	N. York†	F	1	34	T'ronto†	F	−6	21
Cardiff	R	8	46	L Plms	F	19	66	Nice	S	13	55	Tunis	F	15	59
Cape T	S	21	70	Lisbon	Fg	7	45	Nicosia	S	18	64	Valencia	S	14	57
Chicg†	F	−3	27	Locarno	S	6	43	Oporto	S	11	52	Venice	S	9	48
Cologne	C	7	45	London	C	12	54	Oslo	R	1	34	Vienna	Fg	−4	25
Cpnhgn	R	4	39	L. Ang†	F	9	48	Paris	C	5	41	Warsaw	C	3	37
Dallas†	R	5	41	Luxmbg	Dr	2	36	Peking	S	14	57	Zurich	C	1	34

C—Cloudy. Dr—Drizzle F—Fair. Fg—Fog. H—Hail R—Rain. S—Sunny. Sl—Sleet. Sn—Snow T—Thunder.
† Noon GMT temperatures.

Kinnock pledges services boost

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR NEIL KINNOCK, Labour leader, last night accused the Prime Minister of trying to destroy the public provision of all community services and pledged to restore them with a tightly-controlled programme of local government spending.

Speaking at Labour's local government conference in Leeds, where the party is launching its campaign for the May 7 local elections, Mr Kinnock launched a savage attack on the Government's "onslaught on the community."

The Conservatives had set out to destroy the provision of public services and Mrs Thatcher's mission to destroy socialism meant an end to the amenities and services which were vital to the life of the community, he said.

Mr Kinnock said Mrs Thatcher intended to terminate, privatise or make people pay for the full range of public services from housing to schools, transport and health care. Her slogan, he suggested, was: "If you can't pay, stay away."

He underlined the leading role his party would give local authorities in restoring community services, cutting unemployment and reviving the economy but made it clear there would be no "blank cheque."

In a clear attempt to counter Conservative claims that Labour would permit a local government spending free-for-all, Mr Kinnock said he could not and would not promise funds on a scale matching government-imposed cuts of recent years.

Spending would have to be "particular, planned and productive" in terms of jobs and services and Mr Kinnock acknowledged that many Labour councils would have to improve efficiency and provide better value for money.

Mr Kinnock, who accused the Government of behaving like "tinpot tyrants" in its handling of the Zircon spy satellite affair, said a Labour government would retain the Audit Commission, which recently criticised the management of several Labour councils in London, but suggested the creation of a quality commission to promote good practice within local authorities.

Labour launches efficiency drive, Page 7

NGA drops action

Continued from Page 1

After receiving a telephone call from the NGA's solicitors in mid-afternoon, stating that the union had called off the dispute unconditionally, News International decided not to go ahead with legal action.

Mr Dubbins said there had been a view within the NGA that it might have been possible to end mass demonstrations outside the plant," but at the same time still maintain the dispute."

However, given Sogat's decision to pull out, this avenue had been shut off.

Before the meeting leaders of sacked strikers lobbied NGA headquarters at Bedford, urging national union leaders to maintain the dispute.

Mr Dubbins said the threat of sequestration of the union's assets had been used by the company, to deny sacked members a right to ballot on whether the dispute should end.

Transport workers' unions called off last night a march to Wapping planned for tonight.

It is expected that a number of sacked workers and their supporters may attempt a protest march.

Leaders of chapels representing sacked Sogat members met last night to consider future tactics. Another metting is fixed for Tuesday.

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WEEKEND FT

Saturday February 7 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Iranian society is becoming noticeably more bourgeois—and more Islamic. **Michael Field** reports from Tehran

Days of evolution

AN Iranian friend of mine on the ski slopes of the Alborz Mountains north of Tehran met a small group of Revolutionary Guards at the beginning of this year. They were toiling upwards in the snow wearing the wrong type of shoes and the wrong clothes and they looked utterly unlike anyone else. My friend asked them what they were doing.

"We have been told," said their leader, "that there is a cave in deep snow on top of this mountain to which young people go to make love." The guard seemed not to consider that making love wearing ski kit in sub-zero temperatures would be difficult, and obviously he could not understand that people went to the mountains just for the sake of sport. "What do young people talk about here?" he demanded, and when he was told that they probably talked about many things he replied that he knew very well what they talked about. "They exchange telephone numbers," he announced. At this point he brought the conversation to an end and led his gallant band on up the mountain.

The revolutionary guard—in Persian the pasdaran, or pasda for short—and my friend the skier, represent two different worlds in post-revolutionary Iran.

The world of the guards is that of the very poor and the religious and conservative lower middle classes. Officially the revolution represents the poor, and it has drawn much of its inspiration from a very powerful verse in the Quran. In this God announces: "We shall favour those who were deprived (the mostathafin). We shall make them leaders and we shall endow them with the earth." The deprived, or the dispossessed as they are more often known in Iran, are referred to constantly in the speeches of Ayatollah Khomeini and the other senior clerics.

In practice, though, it is more the *petit bourgeoisie*—the shopkeepers, the bazaar traders, the mullahs and their children, the disgruntled university students of 10 years ago—who have dominated the revolution and provided its leaders. The mullahs were regarded by the Shah as ignorant and backward-

'In practice, it is the petit bourgeousie who dominated the revolution'

looking while he saw the bazaaris representing an old-fashioned Iran. He wanted to replace them with modern captains of industry running diversified conglomerates. These were the two sections of society which felt most threatened by the Shah and which in 1978 and 1979 combined to overthrow him.

The other world in revolutionary Iran is that of the modern upper middle classes, who were the Shah's creation. These number several million (Iran's total population is nearly 50m), and the revolution has been unable to remove them—just as the Shah was unable to remove the bazaaris and the mullahs.

After the revolution more than 1m of the new middle class fled, and had their businesses confiscated. Those who stayed were allowed to continue running their companies—albeit in the face of price controls and other regulations that limited their role. There was no looting of houses in the large, smart, tree-lined suburbs at the foot of the mountains in north Tehran.

The revolutionary régime has gradually come to terms with the modern middle classes. It has realised that it needs their technical expertise, management talents and capital if it is to regenerate its economy, win the war with Iraq and provide a better standard of living for the dispossessed. This attitude has been encouraged by the strong position established in Tehran's feuding political world by the conservative ayatollahs.

'Now everyone talks more openly; grumbling is a national pastime'

who have great respect for private property.

The régime has become more tolerant of the middle class socially. Now that it is well established the Government is more confident. What people do in their own houses is up to them—at least this was the decision four years ago of the Leader of the Revolution, Ayatollah Khomeini—though a few groups of zealous pasdaran are quietly ignoring the edict. In bourgeois houses one can find alcohol, music and dancing, all of which officially are regarded as most ungodly.

Most important, there is much greater freedom of speech than in the Shah's day. Before the revolution Iranians used to say that in any gathering of three or four persons one would be a member of Savak, the Shah's unsavoury secret police. Probably Savak was not as all-pervasive as people thought but Iranians believed that it was everywhere and this was the key to its influence.

Now everyone talks more openly: grumbling has become a national pastime as it is in Western societies. As a journalist friend put it, "We became used to criticising during the revolution and since then it has become a habit."

Iranian dissidents abroad—both the remnants of the mujahiddin, the left-wing guerrillas who lost the power struggle after the revolution, and the members of the *ancien régime* who forlornly speculate about a return of the Pahlavi dynasty—seize on reports of complaining in Iran as evidence that the régime is about to collapse. In fact its significance is precisely the opposite: freedom to criticise is a safety valve and is something which people consciously appreciate. Even the most unrevolutionary people say that it is one way in which life is better now than it was under the Shah.

A rich businessman, summing up life for the bourgeoisie and intelligensia in Tehran, remarked that the fear which existed at the beginning of the revolution ("when there were new laws every day") was no longer there. "At least now there's a law and if you follow it you're protected," he said. "As long as you're not active in politics you don't have to be scared any more of a pasandaran or a man with a beard—they can annoy you, but they can't threaten your life or property."

★

THESE comments should not, however, give the impression that the Iranian revolution in its maturity is becoming mellow and bourgeois. The reality is that the rough, angry, suspicious world of the dispossessed intrudes constantly into the fragile, fairly comfortable existance of the middle classes.

Visitors to the Islamic Republic will be struck by its harshness and bloodiness. The Esteghlal Hotel (once the Royal Tehran Hilton) has a display of photos from the battlefront. One might expect this in a nation at war but in other countries the photos would show troops marching to the front giving V for Victory signs, artillery firing or, possibly, a military hospital. In the Esteghlal, several of the pictures show the most appalling scenes of death and mutilation. There is one series of a soldier who has just trodden on a land mine and had his foot blown off. His flesh hangs in tatters below his knee and a stump of bone protrudes 3 or 4 inches towards where his ankle once was. It is all extremely honest, and commendable in a sense, but for a Westerner seeing it casually displayed in a hotel lobby it is disturbing.

The Iranians shrug off the display. Being Shias, members of the unorthodox and mystical sect of Islam, which has been preoccupied with blood and martyrdom since the slaughter of its original leaders in the 8th century, they seem to accept the grimness of death more readily than Westerners.

Outside, wherever there is a shop of parents whose son has been martyred, one sees on the pavement a *hedjleh*, a small, brilliant kiosk decked with light bulbs and mirrors and showing a photograph of the dead boy. *Hedjleh* is the name given to the bridal suite to which a couple goes in the first night of its marriage, and the use of the idea for a boy who has been killed in battle signifies that he has gone to a better world before his life has been consummated.

The middle classes can try to ignore these macabre populist Shia customs, but it is not possible for anyone ever to feel completely safe from the religious zealots of the Organisation for the Ordering of Good and the Prohibiting of Bad. This institution operates through two vigilante groups, the Gashte Zahrah (Gashte meaning "Patrol" and Zahrah being the name of one of the daughters of the Prophet), which supervises the public morality of women, and the Thar Allah, the Revenge of God, which turns its attention to men. The groups patrol the cities in unmarked cars, with the Gashte Zahrah women being swathed from head to foot in black. When they see someone whom they consider to be improperly dressed they seize the person and detain him or her at their pleasure.

Chris Priestley

The Gashte has a particular obsession with the amount of hair a woman may show at the front of her scarf—it goes without saying that its members are incensed by any display of high heels, red lips or uncovered leg. In the last two or three years the patrols have become less common and Iranian women say that being able to go to the shops without worrying about weekly fluctuations in what is regarded as a permissible amount of uncovered hair is one of the most welcome signs of the relaxation of the régime.

The patrols occasionally still raid people's homes. Normally this is because somebody giving a party has been betrayed by his neighbours, though sometimes the patrols' inquiries in every street into the behaviour of "suspicious" people bring to light a persistent-party giver.

A friend of mine was recently raided while giving a party which had alcohol but no dancing or music, and he and his guests were carried off to the patrol's offices. The members of the patrol muttered about prostitution, which is the standard charge on these occasions, but they kept the guests for only a few hours, imposed no fines and in the end even apologised.

Had the party been composed of teenagers or people in their 20s, instead of people over 35 with a sprinkling of men

'Boys and girls should meet through their parents; sex outside marriage is wicked'

and women in their 70s, the patrol would have been much more severe.

The Iranian revolution is greatly exercised by the related issues of sex, the upbringing of the young and the role of women: if one leaves aside the contemplation and glorification of martyrdom, more emotional energy is put into these questions than into any other.

On young people and sex the régime's views are straightforward: boys and girls should meet only through their parents; and sex outside marriage is wicked. The pasdaran have put ropes down the centre of all ski slopes so that the children of bourgeois families should be segregated. Recently a patrol found two teenagers talking to each other over a rope. They ordered that the pair should either marry or submit to 80 lashes in public on the same site. The families had a week to decide and in the end the parents, with great misgivings, chose marriage.

On women, the régime is much less certain of its position. Those in the Government who lean to the left stress the contribution of women to the revolution and the rôle they can play in working for the prosperity of an Islamic society. The conservatives would much rather women were confined to the home where they can cherish and strengthen their families and not be tempted by the distractions and lusts they might encounter outside. Unfortunately for the conservatives they cannot argue their position very openly in the newspaper debate on the subject because they would be accused of being reactionary.

Eight years into the revolution there are still many women working in government and state organisations, there are women department heads in banks and women branch managers, and there are thousands of women lawyers, accountants, doctors and teachers.

"At the beginning of the revolution," my friend who met the pasdaran on the ski slope remarked, "the conservatives issued a directive saying that all secretaries should be men and they tried to separate men and women in buses and taxis, but this country is not Saudi Arabia and they've found they just can't do anything about it. The structure of society has changed: Iran has developed too far in the last 50 years."

★

IRANIAN society is evolving in two different directions. It is becoming more relaxed and the middle class, even if it is not exactly corrupting the revolution, is gradually expanding its rôle. Many important people in the Government are travelling abroad for their holidays, sending their children away to be educated and amassing fortunes. They are becoming middle class, though they hide the fact from their followers.

Paradoxically though, Iranian society is becoming more thoroughly Islamic. Since the revolution, 11m children have gone into secondary education, and they are being taught a curriculum which contains a large component of religious studies and injects Islam in some form into most other subjects.

Men in their 20s and 30s who became inspired by religion during the early days of the Islamic revival 10 or 15 years ago have now gained enough experience at work to be in the running for senior positions. So the secular technocrats who were promoted immediately after the departure of the Shah's men are being moved aside and authority is coming into the hands of the devout.

Whether people below these men are religious or not they are deeming it wise to seem to be pious and revolutionary. They throw away their ties, which the revolution seized on as a symbol of the *ancien régime*, they do not shave and they make sure that everybody knows that they are attending courses on religion and ideology.

Gradually an Islamic society is coming to seem natural to Iranians, which is exactly what the Government intends. The old middle class may be freer and less frightened than it was after the revolution, and in some ways it may have more influence, but whether it realises it or not it is becoming more conformist and conservative.

The Long View

Misleading echoes from 1929

The headlong rise of the London and New York market has provoked memories of the Wall St crash. But history is a poor guide to current dangers, according to Anthony Harris

IT IS NOT only the stock-market computers of New York which have become more than a little uneasy about the daily parade of equity price records in the New York and London markets so far this year. Wall Street itself recovered from the fit of programme selling a fortnight ago with great aplomb, but some American commentators were clearly shaken.

Downwave theorists have been reviving their analyses, like so many stopped clocks, and even one of the soberest of newspaper columnists wrote a piece this week reminding his readers that the 1929 crash came at the end of a long bull market. He found plenty of technical differences between the world of broker loans and little men, and the present world of trading programmes, but he wound up sitting on the fence.

Let me try to be a little more robust. There are some clear dangers in the investment world of 1987, but they are nothing like those which haunted New York 58 years ago. So far as London is concerned, it is possible that we will hear echoes of 1929, though it is unlikely. That is because, despite popular myth, there never was a London crash in 1929.

There was a 3½-year bear market, which set in several months before New York turned: prices fell fairly steadily at 2-3 per cent a month. This was disheartening, but hardly a catastrophe: we had to wait until 1932 for a mini-crash—which turned out to be the start of a five-year bull market.

The real London crash of modern times was still more than 40 years off: it happened in 1974, when equity prices fell by more than half, after falling by more than 40 per cent in 1973. (If you want to share these perspectives, write to BZW* for its Equity-Gilt study, which charts prices and real values back to 1918).

Before we get to other major differences between these two era, there is one very important parallel. The 1932-37 bull market, in which prices rose by a total of some 250 per cent before relapsing, was sent off by the British decision to go off gold and allow the pound to depreciate. Regular readers may be bored by my constant harping on exchange rates, but I must risk that. Competitiveness is a major influence of the distribution of growth and of industrial profits, and a major influence on equity values.

Since both the US and Britain have just suffered—or, one might say, enjoyed—major depreciations, the rerating of equities, and especially of the long-unfashionable manufacturing sector, is well founded on the fundamentals.

The market is being rational not only in New York and London, but also in Frankfurt, where the squeeze on profits implied by the rise of the D-mark has led to a 10 per cent fall in equities. This is still a rational, discriminating market—except in Tokyo.

The Tokyo puzzle helps our analysis in a different way. The Japanese economy is in trouble, and industrialists and politicians there keep saying so; yet the stock market, while nervous, keeps rising to ever more absurd highs, represented by price-earnings ratios as high as 150. No company is worth a century and a half's earnings on an historic basis, unless it is still a gleam in the eye of some genius: yet in Tokyo such prices are paid.

The reason is in fact the very high level of Japanese savings (reflected in Japan's mountainous balance of payments surplus). Japanese investors have at last been unnerved by their recent exchange-rate losses on overseas investment, and try to kep their money at home. The result is paradoxical: the market goes up, looking as one might suppose for higher profits; but so does the yen, which makes profits harder to earn. There could be a huge shake-out here once international confidence in the dollar is restored.

In short, it is Tokyo which looks plausibly like the New York of 1929; but even here the resemblance is only skin-deep. Both are liquidity-driven markets: but while the Tokyo market is driven by excessive saving, the Wall Street boom was fuelled by excessive borrowing. The whole US banking system was secured on Wall Street values: when the markets crashed, the banks failed.

The banks had the illusion of perfect security, because when they lent an investor money to chase the bull market, they retained the power to sell him out if the value of his shares fell dangerously close to the value of the loan.

This proved an illusion because when the black days came, prices fell far too fast to enable the banks to cover their loans.

Many hundreds of small, unsophisticated banks closed their doors, ruining their depositors: the US money supply fell by nearly a third, and the great depression set in. It was this slice of history, incidentally, which seems to have persuaded Professor Milton Friedman that the money supply was of sovereign importance in economic management, with consequences which have dominated recent history.

There is a modern parallel to these events, but it is not to be found in the equity market. Banks have never been allowed to expose themselves in this way again. They have, however, helped to inflate other asset markets by pouring loans into them with similarly dire results—the British secondary banking crisis of 1973, and more recently the energy, farm and real estate loans in the US.

That is why informed analysts are nowadays more worried by the quality of the assets of the banking system as a whole than they are by the rate of growth of its counterpart in the broad money supply.

Some still have banking problems and economic problems: and if you are worried about those, it is rational to switch into something less exciting, like gilts, German bonds—or, for non-taxpayers, the absurdly over-generous current issue of National Savings Income Bonds, which currently yield 12¼ per cent gross. But it is the outside economy which might sink or sustain the equity market of 1987—not the other way round, as in 1929. That is all the difference in the world.

* Barclays de Zoete Wedd, 2 Swan Lane, London EC4R 3TS.

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• MARKETS •

Rollercoaster rolls on

ONWARDS and upwards. The London Stock Market continued its remarkable New Year climb this week, dismissively shrugging off the arguments of those analysts who had had the temerity to suggest that a correction might be around the corner.

After a slight hesitation, the indices kept on rising to new heights and by Thursday night the FT-A All-Share Index was up to 926.51—an advance of 3 per cent on a week before and up about 11 per cent since the start of the year. The rise continued yesterday, with the FT Ordinary index going through 1500 for the first time, while the British Airways offer for sale closed healthily over-subscribed.

The news of the past week has been generally good, reniofrcing the bullish mood. There has been a very strong upward lead from Wall Street; there are growing hopes of sizeable tax cuts in the budget; sterling has been more stable, raising hopes of interest rate cuts; and a deal under which four American oil companies will buy crude from Saudi Arabia at a long term fixed price has given some support to oil prices (and boosted oil company shares).

The result was a mid-week rally in the gilts market which finally saw the yield on high coupon long-dated stock drop through the psychologically important 10 per cent barrier, around which it had been stuck for some time.

But much of this heady mood is predicted on the assumption that there will be an election this year and that the Conervatives will win it. Neither are certainties—as was demonstrated by an oponion poll early in the week suggesting that the Labour Party held a two point lead over the Tories, which temporarily unsettled gilts.

The combination of factors suggests a difficult choice for investors between staying on the Stock Market rollercoaster, and enjoying its seemingly effortless rise, or starting to take profits for fear of a correction.

The historic price/earnings ratio on the FT-A 500 share index now stands at around 16 per cent, dropping to around 12.6 per cent on the basis of forecast company results over the next 12 months. That is high by past British standards. However, the bulls would argue that in international terms the UK market remains relatively cheap, and the prospects of a Tory victory, coupled with stability in sterling, could mean the market has some way to run.

London

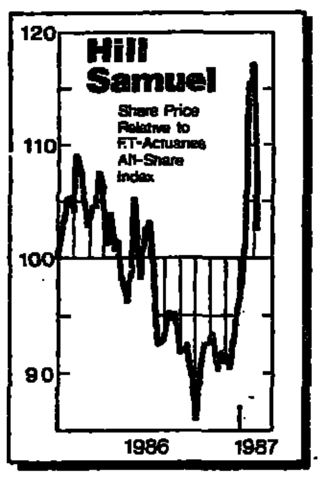
Indeed, some analysts now say that, if the Conservatives were to win an early election, the All-Share index could be through 1,000 by the end of the year.

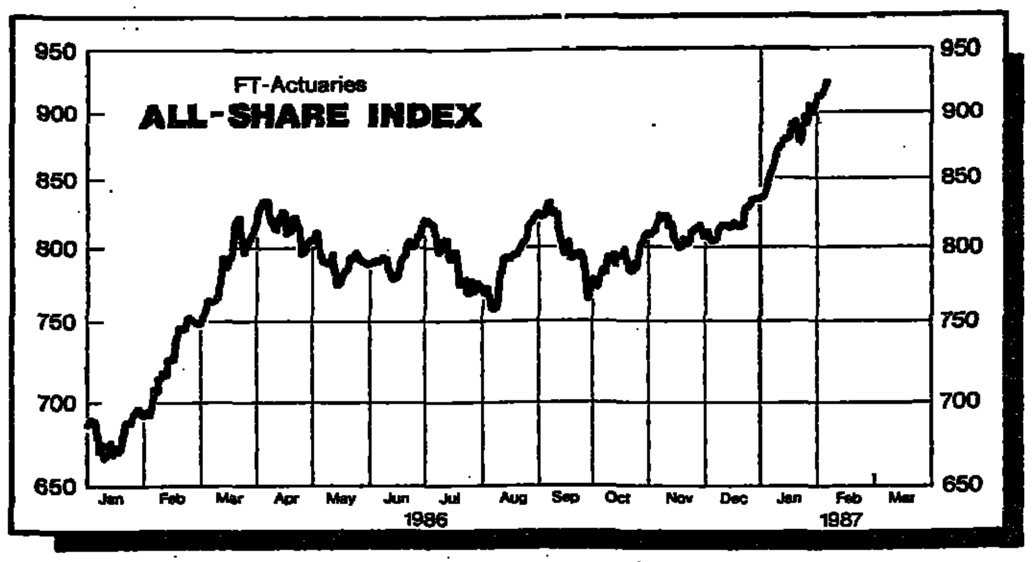
Others are starting to mutter sotto voce that the current bull run could be the start of change in market fundamentals, with the internationalisation of the securities industry reducing (at least for Blue Chip stocks) the importance of the UK's traditional valuation measurement ratios. Cynics, however, suggest that in the past the proclamation of such a brave new era has been the signal for a fairly prompt market downturn.

Amid all this theorising, one group of investors with little cause to celebrate this week is that holding stakes in merchant banks. For the shares of several—notably Hill Samuel and Kleinwort Benson—fell sharply when new rules were announced which will give the Bank of England greater powers to control the acquisition of large stakes in UK banking houses.

Anyone who buys 5 per cent or more of a bank will have to notify the Bank of England, and supply it with any information it demands. And anyone wanting to build up a stake of more than 15 per cent will have to obtain the prior approval of the Bank of England. These changes will be incorporated in the banking bill now going through Parliament, which will also give the Bank retroactive powers to order the divestment of shareholdings built up before the bill becomes law.

The regulations are a clear response to the growing number of predatory stakes that are being bought in UK banks, particularly merchant banks. Mr Saul Steinberg, the US corporate raider, last year acquired a substantial holding in Mercury International Group, the parent of S. G. Warburg, before selling it on to a pension fund.





More recently an Australian financier, Mr Larry Adler, has built up a 14 per cent stake in Hill Samuel. At the start of this week the bank told him none too politely that it saw no role for him in its management.

Mr Adler's stake has been built up by FAI Insurances, a company which he formed in the late 1950s and which he has built into Australia's largest general insurer. He has a reputation for using insurance-generated funds as a source of cash for freewheeling investment and, as he said this week: "You don't get to be number one without treading on people's toes."

But the Bank of England, wearing outsize policeman's boots, has now stepped sharply on Mr Adler's toes. Despite the fall in Hill Samuel's share price, because of evaporating bid speculation, Mr Adler insists he intends to remain a long term shareholder in the bank. Time will tell.

But whatever the merits of Mr Adler's overtures, the Government's move raises afresh the question of why Britain's banks should enjoy such privileged protection from the forces of the market—particularly the merchant banks, which are so good at advising other companies on predatory acquisitions.

Meanwhile, another eminent banking house, Standard Chartered, saw its share price fall sharply this week, before staging a rapid recovery. The cause was press reports about loans to supporters of its successful defence last year against a £1.3bn takeover bid from Lloyds Bank. The press attention focused in particular on loans to the National Bank of Brunei, which has now been shut down by the Brunei authorities, and is owned by Tan Sri Khoo Teck Puat, the Malaysian financier who bought a 6 per cent stake in Standard during the bid battle.

Standard denied giving any inducement to its supporters in the takeover and asked the Bank of England to appoint inspectors to investigate the matter.

But for other sectors the week brought a much more enjoyable rise in prices. Composite insurers — Royal, Guardian Royal Exchange, General Accident, Sun Alliance and Commercial Union — were particularly strong ahead of the forthcoming dividend season. The strengthening of the dollar helped, as did a circular from brokers Wood Mackenzie arguing that the market was looking a gift horse in the mouth.

Pharmaceutical stocks were also in strong demand, helped by orders from across the Atlantic. Glaxo, in particular, continued its giddy rise, helped by stock shortages and anticipation that it will make further announcements about new drugs when it meets analysts in New York on February 24.

And, to end the week on a bullish note, Rank Hovis McDougall yesterday launched the first large, contested takeover bid since the start of the year — a tilt at fellow food manufacturer Avana. It may not be on the scale of the mega-bids of 1986 — official figures this week showed £13.5bn was spent on UK acquisitions by commercial and industrial companies last year — but it could help keep the pot boiling.

Martin Dickson

Fashion can fade

EVER SINCE its earliest days, the USM's reputation as a forum for "fashionable" stocks has been viewed with ambivalence. Fashionable stocks add an air of excitement to the market but, as so many investors have learnt to their cost, just as fashions can flourish, so they can fade.

The development of the USM has been littered with the sagas of once-fashionable stocks which have fallen victim to changing trends. Most fall by the wayside; some into the clutches of the receivers; but others have survived.

Last week saw announcements from two once-fashionable stocks — the Pineapple Group and Securigard, and next week Adam Leisure will resume dealings as the Hawthorn Leslie Group. By coincidence, all three have "survived" by metamorphosing into broadly based holding companies.

Pineapple, for example, looked like an archetypal fun filled fashion stock when it surfaced on the USM—to dollops of painful puns and sexist prose about Debbie Moore, its chairwoman—in 1982.

Unfortunately for Pineapple the fun soon fizzled out. Its share price faded with the demise of the aerobics craze, and faded further when Miss Moore separated from her husband and finance director, Norris Masters. In June 1985, when the present deputy chairman, Peter Bain, arrived from the Hewley Group, Pineapple was at the nadir of its fortunes.

The company has since diversified into fashion. In November 1986 it announced the first of a series of acquisitions intended to broaden the base of its business by expanding into the marketing services sector: the purchase of Golden Key Promotions. On Monday Pineapple ended a month-long share suspension by announcing the acquisition of Premium Pen, a promotional products company.

The City has responded favourably to Pineapple's plans, and the shares rose from the suspension price of 72p to as high as 90p in the course of the week. Pineapple expects to haul itself back into profit in the current financial year. Its broker, Capel-Cure Myers, has bullishly upgraded its profits forecast to £1.2m, with earnings per share of 5.8p.

Junior Markets

Securigard was a fashionable stock in a rather different sense when it surfaced on the USM in 1983. The rising crime rate combined with the Government's enthusiasm for privatising local authority services had turned its core activities—security services and contract cleaning—into very fashionable stock market sectors.

Thus Securigard went public on a fashionably inflated prospective p/e. Its fortunes faltered when it lost an important school cleaning contract and had problems digesting Consolidated Safeguards, an awkward acquisition. Profits plummeted in the 1984-85 financial year but, on Monday, the company announced a return to previous profit levels.

It now intends to establish an industrial services group, through both acquisition and incremental growth. It has already nutured messenger, maintenance and courier services as start-up ventures. The share price, at just over 140p, has yet to regain its 1985 level, but projected profits of £1.5m and prospective earnings per share of 14p suggests some scope for improvement.

On Tuesday the USM will gain yet another new holding company: Hawthorn Leslie appears on the second market after the reverse takeover of Adam Leisure.

Like Pineapple and Securigard, Adam also joined the USM on the back of a trend when it brought its electronic games and video software business to the market in 1983. But the craze for electronic games was shortlived: Adam's shares went into freefall after sluggish Chirstmas sales in 1986. The company announced profits of £3m shortly after its flotation, then lurched into losses.

Hawthorn Leslie — an electrical distributor acquired in 1981 by the property developer, Remo Dipre, after a bitter bid battle — mooted proposals to reverse into Adam in early December. The takeover is now completed and Adam's shares, which have been suspended at 15p, will resume trading on Tuesday as the Hawthorn Leslie Group.

The original Adam activities will be retained, a new management team is in place, and that business is expected to break even in the current financial year. The contribution of Hawthorn Leslie, however, should boost turnover to £35m and provide profits of £1.5m. Remo Dipre expects to embark upon a series of acquisitions to expand electrical distribution and diversify into new areas of consumer goods distribution — thereby creating yet another USM holding company.

Alice Rawsthorn

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
FT Ord. Index	1,508.9	+67.9	1,508.9	1,094.3	Follows Wall St. to record levels
Avana	687	+224	687	458	Bid from RHM
BOC	448	+30	448	279	Awaiting Tuesday's quarterly figures
BP	815	+42	815	518	Aramco deal with Saudis
Dixons	348	+41	438	218½	US acquisition speculation
Dura Mill	105	+27	105	20	Excellent interim results
Foster (J.)	96	+18	110	65	Speculation of bid from Aust. co.
Hill Samuel	437	−78	521	325	Stricter controls on banks' stakes
Howard Shuttering	80	+28	82	29	Excellent interim results
ICI	£13⁷⁄₁₆	+ 1⅛	£14⅛	727	Broker upgrades profits forecast
Jacksons Bourne End	413	+81	413	240	Approach to major shareholders
Lucas Inds.	585	+55	653	433	Recovery after recent fall
Marks and Spencer	212	+23	227	167	Pre-Budget optimism/broker's circular
Marler Estates	815	+180	815	153½	Blade Invs. places 42 pc stake at 820p
Mercantile House	336	−26	406	252	Fears over Australian litigation
Molynx	152	+59	155	55	New management and share placings
NatWest Bank	616	+44	616	436½	Optimism over results, due shortly
Nottingham Brick	373	+59	374	160	Recommended offer from Marley
Tate and Lyle	683	+46	684	520	Chairman's confident statement
Victor Products	86	−25	130	86	Poor interim figures

Reuters grows global

ALL an analyst has to do, to guage the progress of REUTERS in its last financial year, is to glance down at the screens dotted around the desks of fellow employees.

As one of the largest providers of financial information services in the world, Reuters has been one of the chief beneficiaries of global securities markets: a surge in pre-tax profits to at least £125m is expected when its preliminary results are unveiled on Wednesday.

Business is thought to have been brisk throughout Reuters' international markets. Analysts are confident that the company can maintain the current pace of growth for a year or so. From now on attention will focus as much on Reuters' incipient market in the US as on established markets in Europe and the Far East.

Mr Richard Giordano said he was looking for profits growth of around 20 per cent this year when he reported the preliminary results for 1986 of BOC. The results for the first quarter, to be announced on Tuesday, are likely to bear him out.

Analysts are looking for about £55m, against £45.7m last time. These figures are on a historical cost basis following the company's decision to abandon inflation-adjusted accounting.

Results due next week

The health care business, which accounts for about 30 per cent of profits, is likely to show the best improvement. At Glasrock, gains will arise from the installation of new software.

Flat industrial output in the US means there will probably be only modest growth in gases there. But demand in the UK remains strong: BOC is well placed to produce gas more efficiently and at higher margins.

BIRMID QUALCAST is a weather-sensitive business its heating division depends on chilly winters to encourage people to instal central heating. The figures coming out on Thursday cover the period to last October, so it is the winter of 1985/86 which is important to the heating division's sales. That was a particularly cold one, and it gave a strong boost to Potterton, easily enabling it to make up the £2m profits shortfall caused by VAT changes in the previous year.

The grass-cutting season last summer was a reasonable one, with rain enough to encourage growth, but a more important factor, probably will have been the division's cost-cutting measures and the integration of Webb.

Overall, then, analysts forecast are in a range of £13m-£13.7m against £10.1m last time.

SECURICOR reports on Tuesday for the year to September 30 1986. The market is expecting Securicor's second half to be broadly comparable to its first half, which showed 12 per cent growth in pre-tax profits after growth in all sectors except, possibly, finance.

The 51 per cent owned subsidiary, Security Services, made good progress too, particularly with its overnight express parcels business.

The 26.6 per cent Cellnet interest will not start to contribute to profits until this year, although it is already trading profitably. That should add up to a pre-tax figure for Securicor of £16m against last time's £14.29m, and for Security Services a figure of £12.2m, against £10.79m.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Birmid Qualcast	Thursday	0.75	3.0	1.25
General Consolidated Investment Trust	Wednesday	3.5	7.6	4.0
Green Property	Monday	—	1.5	1.1
G.T. Asia (Sterling) Fund	Friday‡	—	61.3	—
Newmarket Company	Wednesday	—	—	—
Reuters	Wednesday	1.25	2.0	1.75
Securicor	Tuesday	0.299	0.673	0.33
Talbex Group	Tuesday	—	—	—
Throgmorton USM Trust	Tuesday	—	—	—
INTERIM DIVIDENDS				
Automagic Holdings	Wednesday	2.0	4.0	
Bailey, C. H.	Monday	—	—	
BOC	Tuesday†	—	—	
Datron International	Thursday	—	—	
Dom Holdings	Thursday	1.725	3.225	
Elbief	Thursday	0.532	1.36	
Estates Property Investment Company	Thursday	3.0	5.5	
Heiton Holdings	Monday	—	—	
Imperial Continental Gas	Friday	6.25	10.5	
LDH	Monday	—	0.56	
Manganese Bronze	Wednesday	3.0	3.2	
Owen and Robinson	Monday	5.0	5.0	
Press Tools	Tuesday	0.83333	1.66667	
Ransome, William	Thursday	1.638	7.317	
Second Alliance Trust	Friday	6.0	12.5	
TR City of London Trust	Wednesday	0.975	1.175	
Trent Holdings	Tuesday	0.46	0.69	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Third-quarter figures. ‡ Dividend per share gross.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.44	7.65	5.93	4.31	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.78	4.93	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.92	8.08	6.26	4.55	half yearly	1	2,500 minimum	0
Schroder Wagg	7.48	7.74	6.00	4.36	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.59	7.31	6.05	4.89	half yearly	4	—	0
10pc Treasury 1990	10.12	7.21	5.61	4.11	half yearly	4	—	0
10.25pc Exchequer 1995	10.12	7.16	5.53	4.00	half yearly	4	—	0
3pc Transport 1978-88	7.64	6.73	6.23	5.76	half yearly	4	—	0
2.5pc Exchequer 1990	7.84	7.03	6.59	6.17	half yearly	4	—	0
Index-linked 1990¶	7.47	6.88	6.55	6.24	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Ang Nordic Hldgs	31¼*‡	28	23½	2.99	Smith (F. L.)
Avana Group	742§	687	480	259.11	RHM
Baker Perkins	311	330	355	124.03	APV
Barrow Hepburn	70§	68	42	23.26	Yule Catto
Berisfords	169½§ §§	167	137	9.29	Ferguson Indl
Berkeley Expln	73½	63	56	17.94	Clyde Pet
Berkeley Expln	64*§	63	38	15.62	Ranger Oil
Bulmer & Lumb¶	135*§	136	122	11.62	Allied Textile
Burns-Anderson¶	115*	126	—	23.64	Dudley
Crouch (Derek)¶	261§	213	218	32.55	Ryan Intl
Dataserv	213	193	200	70.06	Bell South Corp
Dialene	289*	280	260	11.01	Bunzl
D. J. Security Alarms	117½	115	91‡‡	4.77	Britannia Security
Exco Intl¶	311½§§	319	203‡‡	729.35	Brit & Comm
Equipu	276§	275	122‡‡	20.96	Sketchley
Europn Ferries¶	140§§	139	231	324.35	P & O
Feb Intl	169	159	108‡‡	2.93	Tarmac
Feb Intl 'A'	114½	109	78‡‡	5.85	Tarmac
Fogarty	181	175	97	33.72	Coloroll
Fothergill Harvey	320	316	178	40.15	Courtaulds
Gates (F. G.)	120*	128	114	10.08	Giltrap Hldgs
Goldsmiths Grp¶	269§ §§	270	264	40.77	Oriflame
Grosvenor Group	125†§	125	120	7.79	BBA Group
Grosvenor Group	135†§	125	125	8.41	Hollis
Henera	70*	69	57	8.04	Warner-Lambert
Hwrd & Wyndhm¶	15*§	20	20	2.74	Intermediate Secs
Lond & Nthn Grp	81†	76½	71½	90.11	Demerger Two
McCorquodale	315*	315	258	161.45	Norton Opax
Nottingham Brick	372§§	374	363	40.18	Marley
Supra-Group¶	104	101	73	16.91	Evode Group
Tenby	235†	231½	217	41.45	Emess Lighting
Utd Tst & Credit	562§	515	470	13.79	Somportex
Wedgwood	553	555	423	250.84	Waterford Glass
Wettern Bros	161§	155	173	1.91	RMC

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 6/2/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aaronson Bros	Sept	2,130	(3,740)	4.1	(9.5)	4.2	(4.2)
Anglo United	Oct	3,360	(3,250)	2.3	(2.4)	1.5	(—)
Appledore, A. & P.	Sept	1,030	(1,190)	16.2	(20.5)	6.0	(6.0)
Bowring, C. T.	Dec	55,600	(47,300)	—	(—)	—	(—)
Goode Durrant	Oct	2,860	(2,240)	7.0	(3.6)	2.5	(1.75)
Heavitree Brew	Oct	907	(737)	32.2	(22.8)	11.0	(8.25)
Plastic Cons	Sept	333	(472)	4.4	(6.0)	2.8	(2.8)
Scandinavian Bk	Dec	26,400	(14,200)	—	(—)	—	(—)
Securigard	Oct	1,000	(714)	8.1	(5.4)	3.5	(2.7)
Union Disconnt	Dec†	10,780	(1,130)	—	(—)	40.0	(37.0)
Warner Est Hldgs	Sept	3,890	(3,470)	—	(—)	22.5	(18.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aerospace Eng	Oct	440	(331)	1.56	(1.1)
Ariel Ind	Sept	35L	(110)L	—	(—)
Brett, Andre de	Sept	101	(112)	—	(—)
Bristol Chan Ship	Oct	143L	(198)L	—	(—)
Bromsgrove Ind	Sept	139	(251)	0.5	(0.4)
Clogau Gold	Sept	164L	(328)L	—	(—)
Davies, D. Y.	Oct	440	(349)	1.0	(—)
Dyson, J. & J.	Sept	409	(301)	2.0	(2.0)
Groot, Cowan de	Oct	875	(773)	1.25	(1.25)
Hallite	Nov	42	(46)	0.9	(1.0)
Haynes Pub	Nov	732	(850)	5.6	(5.0)
Highgate & Job	Sept	40L	(11)	—	(—)
Howard Shut	Oct	375	(306)	—	(—)
Meat Trade Sup	Oct	117	(71)	1.78	(1.75)
Personal Comp	Nov	400	(245)	1.2	(—)
Ratcliffe, F. S.	Oct	52L	(—)	—	(—)
SEET	Oct	404	(672)	1.6	(1.6)
Sommerville, W.	Nov	309	(325)	1.0	(1.0)
Textured Jersey	Oct	316	(533)	—	(—)
Unitech	Nov	5,480	(4,850)	2.63	(2.24)
Victor Products	Oct	348	(516)	1.75	(1.75)
Watshams	Sept	1,800	(1,170)	1.35	(1.2)
Webb, Joseph	Sept	178	(131)	0.13	(0.13)
Wholesale Fit	Oct	2,520	(2,220)	2.24	(1.87)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † Post tax profit. L Loss.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Pineapple Group—Placing 5.33m shares at 75p and issuing 3.41m 7 per cent convertible redeemable preference shares at £1.

RIGHTS ISSUES

Rockware—To raise £24.2m through a rights issue on the basis of one for every 1.243 shares at 50p.

Cookson Group—To raise £162.3m through a one for four rights issue at 480p.

Even bulls look tame

Wall Street

JUST when you get to thinking that the market *can go no* higher, the stock market fools you, and heads into uncharted territory.

This week's performance has been no exception, giving fully invested money managers a warm glow but leaving their more cautious colleagues, who have been waiting vainly for the "great correction," with a sinking feeling.

Wall Street had its best month in 11 years in January, with the Dow rising by 13.8 per cent. Indeed, the market historians note that last month was the third best month since the second world war, bettered only by a 14.4 per cent gain in 1976 and a 14.2 per cent rise in 1975.

February has started on an equally brisk note with the market hitting a new peak on Monday, dipping on Tuesday before setting a fresh record on Wednesday and leaping through the 2200 level on Thursday.

In the first 25 trading days of 1987 the Dow has risen by amazing 305 points, of 16.12 per cent. This is still less than the 349-point rise, or 22.6 per cent gain, for all of last year, but the stockmarket, as measured by the broader-based indicators such as the S & P 500, has risen more in the first five weeks of 1987 than it did in all of 1986. By Thursday evening the S & P 500 had risen by 16.1 per cent so far this year, compared with a 14.62 per cent rise in 1986.

The market's recent performance is making even the "super bulls" look tame; there is no easy explanation for its recent behaviour. The hectic pace of takeover activity, which fuelled much of the market's gains in 1986, has slowed in 1987, partly because of the new tax rules, partly because so many of the takeover artists and their advisers are being investigated by the US authorities in the wake of the Ivan Boesky insider trading scandal.

Wall Street is nervously waiting for fresh heads to roll shortly. When they do, it will make London's Guinness scandal "look like a minor sideshow," as one professional investor summed up the next phase in the biggest insider trading scandal to hit the "Street" in years.

On the economic front there was a certain amount of good news this week—such as the 2.1 per cent rise in December leading economic indicators, and yesterday's strong US employment figures (which point to a healthier than expected growth rate for the US economy). The US dollar shrugged off its recent weakness just in time for this week's US Government refunding, with the result that Japanese investors put in a respectable appearance

The quarterly results season is nearly over. Even if this week's batch of figures from the corporate heavyweights were in some cases disappointing, Wall Street's analysts are rationalising their stock picks these days by concentrating on the long-term.

General Motors, whose leadership of the US auto pack is being challenged by Ford, reported a one third drop in its 1986 earnings to $8.21 per share, partly because of the need to take a $2.20 per share provision to cover plant closures. Chrysler, which announced that Mr Lee Iacocca, its irrepressible chairman, had agreed to stay on for another four years, managed to increase its 1986 earnings by 9 cents to $0.47 a share.

Chrysler's shares, which have risen by 35.8 per cent so far this year, touched a new peak of $50.25 on Thursday, and Ford, today's star of the auto sector, has seen its shares rise by 41 per cent over the last five weeks to a new peak of $79.50. months, have risen by a fifth so far this year.

Technology stocks have also picked up speed in the stock market's meteoric 1987 advance. Digital equipment shares have jumped by 43.5 per cent to $150 since the end of December, and even IBM shares have recently outperformed the market. Since the company announced its dismal 1986 earnings three weeks ago, the shares of "Big Blue," the stock market's most heavily capitalised stock, have risen by 11.50 per cent, almost three times as fast as the rest of the stock market.

Among the other recent stellar performers in 1987 the shares of Merrill Lynch (plus 23.6 per cent) and Dreyfus Corporation, the mutual fund group (plus 41 per cent) are natural beneficiaries of the stock market's recent rise. Exxon, whose shares have risen by $14.50 this year, Standard Oil ($61.25) and Arco ($70.375) are benefiting from the firmness in the oil price. So are many of the companies in the depressed oil services industry, such as Schlumberger, Hughes Tool and Baker International.

For a change the rise in the stockmarket has eclipsed the performance of many takeover stocks. Diamond Shamrock, the loss-making energy group, unveiled a massive restructuring plan this week in a bid to escape from Mr T. Boone Pickens, the Texas oil man. Diamond shares have underperformed the market this year despite this week's $15 a share bid by Mr Pickens. Gone are the days when the corporate raiders were willing to pay handsome premiums for oil companies.

The big exception in the takeover arena has been a most unlikely candidate — A. H. Robins, the healthcare firm which filed for bankruptcy 18 months ago following huge legal claims against its Dalkon Shield birth control device. American Home Products offered to buy the company this week, and assume its huge *liabilities. A. H. Robins' shares* have more than trebled this year to $24.50.

One of the few famous names not to benefit from the market's rally this year has been AT&T, or "old Ma Bell" as it is sometimes called. Its shares started the year at $25 and closed on Thursday at $24. The company learned this week that the US Justice Department, which oversaw the breakup of the giant telecommunications company, is recommending that its seven offspring, the so-called "Baby Bells," be allowed to compete with it

MONDAY	2179.42	+21.38
TUESDAY	2168.45	−10.97
WEDNESDAY	2191.23	+22.78
THURSDAY	2201.49	+10.26

William Hall

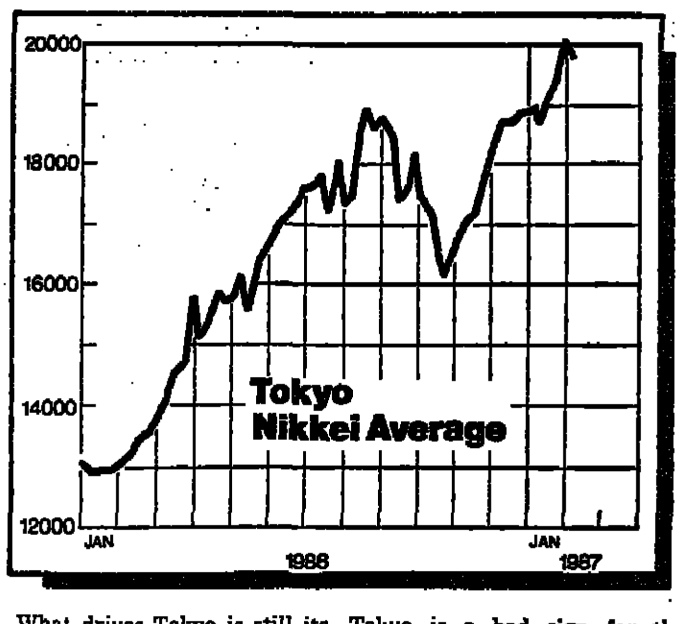
It all depends on cash

Tokyo

THE FIRST tranche of the world's biggest privatisation issue is set to make its debut on the Tokyo Stock Exchange on Monday. Already, stock exchange officials and brokers alike are bracing themselves for *an outbreak of NTT fever.*

The growing excitement about Nippon Telephone and Telegraph, Japan's first privatisation issue, stands in contrast to the distinctly ho-hum response to the government's offer of the 1.85m shares last year. Up until only a few weeks ago analysts were wondering whether investors would stump-up the remaining sums owed on the partly-paid subscriptions for shares.

In the meantime, however, the Tokyo bourse has been rocketing. Last week the Nikkei stock average broke through the 20,000 mark for the first time. It slipped back somewhat this week, but by the week's end it was still well ahead of last August's prevoius peak of just under 19,000.



What drives Tokyo is still its excess liquidity. Bond yields are still at record lows, and very little in the manufacturing sector looks worthy of investment at the moment, as the economy continues to cope with the high yen. As a result, new homes for money in the stock market, even expensive ones, are being eagerly sought. Brokers say that so many buyers — mainly institutions — are expected to make a grab for NTT on Monday that trading is not expected to begin for hours or even days, until a reasonable balance between buyers and sellers can be found.

Stock Exchange officials, also anticipating an NTT melée, have decreed that shares may change hands only on a cash settlement basis—at least for the time being. Further, brokers are not being allowed to trade on their own account. Even so, brokers are looking for the sale price of Y1.19m a share to leap to Y1.4m or Y1.5m by the time trading begins. That will put the company on the astronomical projected price/earnings ratio of around 125. Welcome to Tokyo.

Once NTT does settle down, however, brokers are concerned *about the lack of buying themes* for their flush clients. January saw a spectacular run in the financial sector: it gained 28 per cent in value during that month and now accounts for a hefty 35 per cent of the index. The excitement was spurred by the expectations of some fund-raising exercises by the big banks later in the year, as well as improved profits, thanks to lower interest rates.

But basically the market has turned into a money-churner of the most amazing kind. Nippon Steel, for example, saw a quarter of its capital turned over in a week, with some 400m shares a day changing hands.

Some Tokyo brokers say, the *concentration of trading in* Tokyo is a bad sign for the market's health. One day this week, for example, 79 per cent of the trades were in 30 shares. (This phenomenon was also noticed just before the market went off the boil last August.) None the less, the prospect of another discount rate cut—expected when the next G-5 meeting is finally scheduled—could provide more fuel for the TSE.

Further, once NTT has quietened down, brokers can start talking up the next privatisation issue, Japan Air Lines. With most of its shares already listed, some people expected JAL to show a handsome appreciation in the months leading up to the sell-off, this autumn, of the Government's holding. JAL stands to make significant gains out of the new tax reform package, for example. When the Bill is approved, JAL will be able to purchase its goods without paying the new value-added tax, as it is an exporter of services.

Tokyo optimists are also buoyed by the continued upward swing in New York, which seems bent on continuing to set new records. Even so, the average price/earnings ratio of the constituents of the Dow is dwarfed by the average PER of 67 for the Nikkei's 225 issues.

Tokyo's future, as before, depends on its money. So far there appears to be no shortfall. At the end of November the cash invested in designated investment trusts reach Y19,000bn, more than double Y8,510bn a year earlier. At the same time, analysts say, if the yen strengthens to more than 150 against the dollar, a bull market might be harder to sustain.

Carla Rapoport

Coal bids for commercial credibility

Resources

LAST YEAR, when oil prices threatened to fall below $10 a barrel, coal industries throughout the world thought it must be a replay—in reverse—of the 1973 oil shock which had brought about their own rebirth.

Within weeks these fears were eclipsed by an even bigger surprise: Chernobyl. In Western countries—strangely not in the Soviet Union itself—many people thought this was a death blow to nuclear power. Britain's Central Electricity Generating Board, impatient to *expand its nuclear capacity* from about 17 per cent to 30 or 40 per cent of its power potential, was in deep shock. It quickly entered another five-year understanding to continue to buy the bulk of its fuel from British Coal. Sir Ian MacGregor, then chairman of British Coal, suggested that the CEGB's readiness to sign owed at least something to "the meltdown factor."

In retrospect, the CEGB coal deal had nothing to do with Chernobyl, and everything to do with its reliance on coal for 80 per cent of its fuel. British Coal's relief at getting CEGB business, too, was based less on a reappraisal of the prospects for nuclear power than on getting a deal with which it could live.

With the political consequencies of Chernobyl diminishing fast, the prospects for nuclear power in the UK have now received a powerful boost from Sir Frank Layfield, the Inspector who presided at the Sizewell planning inquiry. Besides clearing the CEGB's Sizewell pressurised water reactor (PWR) on safety grounds, he has said that the costs of a new coal-fired plant have only a one-in-40 chance of beating the PWR's.

At a time when British Coal *is hoping for more coal-fired* power stations to help meet rapidly rising electricity sales, this is grim news. The Corporation is in no position to comment formally on the Layfield report. But privately, coal officials flatly dismiss Sir Frank's one-in-40 thesis. While sympathising with the CEGB's safety case on Sizewell, this week some of them were describing its economics as "rather weak."

Predictably, this criticism is amplified by Friends of the Earth and other "green" opponents of nuclear power. A source of more comfort to the coal lobby, though, was the conclusion reached in the independent study just published by Cambridge Energy Research, a think tank staffed by Cambridge University academics. Using the latest long-range forecasts showing coal prices weak, it calls for the use of a 10 per cent discount rate. The report sees little, if any economic advantage in preferring Sizewell to more coal-fired capacity.

Even so, British Coal seems resigned to the present Government giving its approval to Sizewell—for strategic political as well as wider economic reasons. The most British Coal is hoping for is a mixed programme of new nuclear and coal-fired stations.

Meanwhile the sluggish price of oil and of coal, internationally, is forcing British Coal to trim its revenue from power stations and industry by some £400m this year; deferring for at least another year its hopes of getting into the black.

An *index* of the industry's progress is the falling cost of its output expressed in pounds sterling per gigajoule — a metric unit of heat — rather than the old pounds per tonne formula which made no allowance for different grades of coal.

To escape becoming a candidate for closure, a pit must produce consistently at below £1.65 per gigajoule. For long-term pit security, its costs must drop below £1.50. Any new coal capacity can only attract investment if it promises to be produced at £1 a gigajoule.

Figures obtained this week show that over the first nine months of the present financial year, 37 per cent of British Coal's output cost more than £1.65 per gigajoule. But by the eighth month the proportion had been dramatically slashed — to 26 per cent. In November, too, 50 pits were producing coal for less than £1.50 per gigajoule, compared with only 36 pits for the whole of the nine-month period. (Separate figures are not available for December, when pit performance is restricted by the holiday period.)

Although this is hailed by Government and management as proof of a new spirit in the coal industry following after the end of the miners' strike, a more tangible cause is drastic thinning of high cost capacity and the installation of much more powerful coal extracting equipment. Some 90m tonnes of coal per year are now being produced from the 325 coal faces. By the end of 1987, 185 of these will have been equipped with new sets of heavy duty roof supports, under which coal is ripped from the face and dispatched to the surface.

A less obvious but equally striking aspect of British Coal's bid for commercial credibility has been the rationalisation of other parts of its business, including workshops which service equipment.

These have been cut from 23 to ten. According to Ken Moses, technical director of British Coal, *some workshops are so* efficient that private suppliers of mining equipment are passing on to them work normally carried out in their own plants.

Meanwhile, having brought its capacity nearer into balance with the marketplace, the coal industry hopes further to improve its finances by altering hallowed working practices such as shift lengths and the length of the working week. At its monthly meeting this week British Coal's main Board was asked by the technical director to approve a project, long debated, to develop 20m tonnes of prime coking coal at Margam, near the Port Talbot steel works.

A controversial condition was *added: it should produce* coal six days a week instead of five days ordained at nationalisation. The unions have yet to give their reaction to this. But the plan might be sweetened for the individual miner if he could combine it with a four-day working week. The six-day "coaling" requirement and longer shifts are also expected to be conditional upon further new investment planned by the Coal Board.

At Margam, too, British Cial is pressing the Government for a regional development grant like those available to private companies *investing in* unemployment black spots. To back his claim, Ken Moses argues that Margam is a far better propect than the loss-making privately owned Wheal Jane tin mine in Cornwall, which received government assistance.

Meanwhile, hardly a day goes by without yet another reminder of the wider commercial pressures on the industry. The latest forecast by DRI Europe, part of Data Resources Inc, published on Tuesday, painted a familiar picture of falling prices and growing penetration of the European coal market by low-cost overseas producers.

British Coal cannot relax.

Maurice Samuelson

Without due care and attention

BRIDGE

THE declarers in today's two hands might well be booked for driving without due care and *attention. We start with a suit* contract:

N
♠ A 8
♡ K 9 4 2
♢ K 6 5
♣ 10 8 6 4

W
♠ J 9 7 6 4
♡ —
♢ Q 8 7 3 2
♣ K Q 3

E
♠ K 10 5 3
♡ Q J 7
♢ J 10 9
♣ 7 5 2

S
♠ Q 2
♡ A 10 8 6 5 3
♢ A 4
♣ A J 9

At game all South dealt and opened with one heart. North raised to three, and South's rebid of four hearts concluded the auction.

When West led the six of spades, declarer decided to try for an overtrick by playing low from dummy. But East won with the king, and switched to the five of clubs (MUD). South played his knave, losing to the queen, and West led another spade to the ace. The declarer now cashed the king of heart, and West's failure to follow suit was a *blow. After cashing the* ace of hearts, South crossed to the king of diamonds, returned a club, and finessed his nine. West won with the king, and that meant defeat.

The declarer went wrong at trick one. Ten tricks looked certain, but he should have asked himself if there was any possible danger. Suppose trumps were divided 3-0—was there anything he could do about it? Yes—by elimination and end-play. He could afford to lose a spade trick, but he could not afford a premature club return from East.

He should win the lead with dummy's ace, and cash king and ace of trumps. He follows with *ace and king of diamonds,* and a diamond ruffed in hand, then cuts adrift with the queen of spades. East wins, cashes the queen of hearts, and leads a club. The knave loses to the queen, but West is securely endplayed. A club runs into South's tenace, a diamond or a spade concedes a ruff discard.

Another rubber produced this no trump game:

N
♠ A 7
♡ 10 5 4
♢ A J 4 3
♣ K 7 6 3

W
♠ 10 9 8 5 4 2
♡ K 9 6
♢ 7
♣ Q 9 5

E
♠ K 6
♡ Q 8 7 3 2
♢ Q 9 6
♣ J 8 2

S
♠ Q J 3
♡ A J
♢ K 10 8 5 2
♣ A 10 4

With North-South vulnerable South dealt and bid one no trump. North raised to three, and all passed.

West opened with the ten of spades, dummy played low, and the king won. Seeing no future in spades, East led the three of hearts. South's knave lost to the king, and West returned the nine to dislodge the declarer's ace.

South now had to guess the diamond position. He cashed the ace, and decided to play for the drop. Unforunately, East held the guarded queen, and the contract was defeated by one trick. Not a good performance.

Once again it was a case of falling at the first. South should refuse the spade finesse, win with dummy's ace, lead the diamond three, and finesse his ten. This wins, and now there is time to establish a second trick in spades, so the declarer fulfils his contract with an overtrick.

Sceptical as usual, you say: "Suppose West wins the diamond finesse—what then?" That is no problem. West cannot return a heart without giving South a second trick in the suit, and again the declarer has time to set up a second trick in spades.

E. P. C. Cotter

Prizes encourage a positive style

CHESS

THE national congress circuit received a boost this month when Leigh Interests further increased the prize fund for the 1987 Grand Prix. With £3,000 for the winner and £5,000 in subsidiary prizes, it is now the largest open-to-all award in Europe.

The annual Grand Prix, now in its 14th year, decides the player with the best overall results in British congresses. Major tournaments carry special weighting or bonus points.

The Grand Prix circuit bridges the gap between local events and international play, and gives rising talent the opportunity for rapid advance. Most of the England team who won silver medals at the last two chess olympics used weekend tournaments to develop their game, and there is little *doubt that constant active chess* against a variety of strong opponents is a key factor in improvement.

Fast or slow time limits, or the number of rounds per day, are incidental. The current vogue is for one-day quickplays on Saturady or Sunday, with five or six rounds timed on the clock at half an hour per player per game. Prize funds are geared to the top finishers and this encourages a positive style: the player who frequently concedes draws is effectively penalised.

For many weekend competitors, the centre of interest is not the open tournament with its masters and experts but *their own graded contest* limited to those rated below specified national standards. Here too there is a major title —the Leigh Amateur Prix—for the best overall result throughout the year.

Leigh Interests are Walsall-based specialists in international wastes management, which sounds a far cry from the 64 squares. The link is Leigh director David Anderton, who captained the England team which won silver medals behind the Russians at the Salonica and Dubai olympics: but Leigh are in any case pleased to be involved with an event which clearly aids Britain's growing *prestige on the chessboard.*

What are the factors for success at weekend and Grand Prix tournaments? One asset is a well-analysed and thoroughly understood repertoire of opening ideas and systems, prepared in depth to the middle game and ending. The fact that games are played to a finish means that the weaker player cannot hide behind the adjudicator's verdict after 30 or 35 moves.

Stamina and will to win are also significant, particularly in the later rounds. Weekend congresses can be quite a test of fitness. There is one game on Friday night, three on Saturday with a total duration of some 12 hours, and two more on Sunday. For the ambitious Grand Prix contender it is harder still, as he needs to travel to distant tournaments to maximise his overall score.

Jim Plaskett the Bedford grandmaster who has just won the 1986 Leigh Grand Prix, favours a tactical approach. In this miniature he sacrifices a bishop and knight for a lively king hunt.

White: J. Plaskett.
Black: W. Stanton.
Queen's Gambit (Islington 1986)

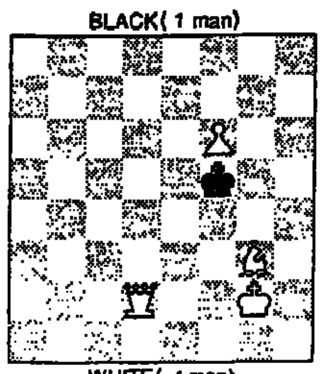
1 P-Q4, N-KB3; 2 N-KB3, P-Q4; 3 P-B4, P-K3; 4 N-B3, B-N5; 5 B-N5, P-KR3; 6 B-R4, P-B4; 7 P-K3, N-B3; 8 B-Q3, QPxP; 9 BxP, P-KN4; 10 B-KN3, N-K5; 11 Q-Q3, P-B4; 12 0-0, BxN; 13 PxB, NxB; 14 BPxN, B-Q2; 15 P-KN4, Q-B3; 16 QR-N1, 0-0-0.

Black's plan resembles the strategy used for a pawn formation with P-QN3 and P-Q3. The difference is crucial, and White takes advantage by a winning sacrifice.

17 B-R6! PxB (if N-R4; 18 RxP! NxR; 19 R-N1); 18 QxP ch, K-B2; 19 R-N7 ch, K-Q3; 20 N-K5, B-K1 (the threat was RxB ch); 21 N-B4 ch, K-Q4; 22 P-K4 ch! KxP; 23 N-Q6 ch! RxN (if K-Q4; 24 Q-B4 ch, KxN; 25 QxBP mate); 24 Q-K2 ch, K-Q4; 25 P-B4 ch! Resigns. If KxP; 26 R-Q1 ch, K-B6; 27 R-N3 mate.

PROBLEM No. 658

BLACK (1 man)



WHITE (4 men)

White mates in three moves at latest, against any defence (by S. Magner).

Solution, Page XV

Leonard Barden

John Edwards on UK unit trust fund interest in Continental stocks

Euro launch

UNIT TRUST groups are very fond of saying they do not follow the flavour-of-the-month principle when launching funds. However, it seems very much in fashion to introduce trusts for the European markets, which have been widely tipped as the best performers this year.

Touche Remnant, which this week announced its first European fund (called European Special Situations), says that its belated entry there was mainly because it could not find the right fund manager to carry out its specific approach to investing. After an extensive search it eventually found the manager, Stephen Peak, in-house and decided to go ahead.

Peak does not share the very optimistic view of prospects for Europe this year voiced by some managers and sees only a modest economic growth. However, he does believe that most European markets are still undervalued and that Italy and Spain in particular (the boom markets in 1986) still have some "catching up" to do, although Spain has already surged ahead by 18 per cent this year.

Many of the European markets are expected to be fairly volatile, though, with a greater need for nimble dealing in share selection than in the past; hence TR's decision to call it the Europe Special Situations Fund.

During the launch period up to February 27, there will be a fixed price offer of 25p and a 1 per cent discount, in the form of extra units, to new investors, and a 2 per cent discount for existing holders of Touche Remnant unit trusts. Minimum investment is £500 and there is the normal initial front load charge of 5 per cent.

TR has, however, decided to increase its annual management fee for the new fund to 1.5 per cent, compared with 1 per cent on other trusts.

John Gittings, the managing director, says this is part of a trend towards moving the charges away from the front end towards the actual management. But another TR director put it more bluntly: "Someone's got to pay for all these expensive fund managers, especially if they want the best."

Fidelity already has a European fund which did very well last year (indeed, it was the leading performer in that sector). But it is purely a capital growth fund and the group feels there is room for a European Income Trust as well.

Although feeling "very positive" for Europe, fund manager Sally Whittaker thinks there might be more opportunities in income stocks, which have tended to be somewhat neglected by the big institutional investors. She has included a 10 per cent slice in the UK market and put 25 per cent in bonds in the initial portfolio as a means of boosting income.

Totally excluded is Switzerland, which many other experts think is due for a rise this year after its dismal showing in 1986. Whittaker disagrees. She thinks the stocks there are overpriced and that Swiss exporters will be hit hard by the strong currency. Her favourites are France and Spain; her main participation in Germany will be via bonds rather than equities, at least initially.

Nothing if not confident, she is aiming for a 35 per cent return by the end of the year although admitting that 25 per cent could be more realistic.

Initial yield of the Fidelity Europe Income Fund is put at 4 per cent. The offer price of 25p will remain fixed until February 27 and minimum investment is £500. The initial charge is 5.25 per cent but the annual management fee is only 1 per cent.

Another big unit trust group, Save and Prosper, has also stepped up its participation in Europe, but with an offshore fund. Shares in its Europe Fund will be US dollar-denominated and offered at $10 each, with a minimum investment of $1,000. There is a 1 per cent discount until the end of March.

The group already has two European funds—growth, and income and growth—but evidently feels there is more mileage to come in these markets.

Chris Tracey, the investment director, still favours Europe as one of the "key investment areas of the next few years." He feels European markets remain under-rated and says that now is a good time to invest because of the way they have consolidated during the past nine months.

Debut of Ecu coins

TWO YEARS ago, Mr Fernand Herman, formerly Belgian Economics Minister and a man firmly committed to the ideal of European Monetary integration, surprised journalists at a lunch in Brussels by ordering the bill in Ecus and then theatrically paying for it with an Ecu denominated cheque. As public relations stunts go, the event certainly left its mark.

This week the Finance Minister, Mr Mark Eyskens, announced plans to give the fledgling European currency a much wider boost through the first ever issue of Ecu-denominated coins—one in gold with a face value of Ecu 50, the other in silver with a face value of just Ecu 5. (An Ecu is worth nearly £0.75.)

The coins will be legal tender in Belgium but it seems unlikely that even the most ardent supporters of monetary union will use them to pay for groceries or even to settle restaurant bills. Quite apart from the difficulties of "on-the-spot" exchange rate calculations, the gold coin's intrinsic metal will be worth considerably more than its face value with the result that investors and collectors will be the main target.

The gesture, as Mr Eyskens himself admitted, is largely symbolic. The issue is timed to coincide with the 30th anniversary of the signing of the Treaty of Rome on March 25 and will fall conveniently in the middle of Belgium's six-month "Presidency" of the EEC (essentially an opportunity for the country to direct and influence Community affairs—and this time to make numismatic history).

The Ecu — sometimes described as the monetary expression of the Common Market—is a basket of currencies representing the total of the fixed weights of 10 EEC countries' currencies (Spain and Portugal are not included). As a purely notional currency it does not directly touch many people's lives but its use in "private" transactions, promoted by the European Community, banks and private companies, is steadily increasing alongside its official use as a norm for establishing the exchange rate variations allowed between the currencies of the European Monetary System (EMS) and as a reserve and settlement currency between European central banks.

One of the main attractions of the Ecu to "private" users is supposed to be its relative stability—the stronger currencies comprise a greater proportion of the basket, with the weaker and generally more volatile ones consequently less significant.

Gradually, say the enthusiasts,

the Ecu is being included among the currencies used in international trade for tendering, invoicing and paying or financing commercial transactions.

Nevertheless, the Ecu needs all the help it can get to reach a wider public and this is what Mr Eyskens' symbolic gesture seems designed to achieve. The Belgian Government plans to mint "hundreds of thousands" of the new coins and though initially targeted at local investors they will be marketed directly in other European countries and (probably) in North America.

The Ecu 50 gold coin (face value around SFr 2,150) will consist of about half an ounce of fine gold currently worth BFr 7,500 (nearly £130). The retail price for the ordinary coin is expected to be around BFr 10,000 (nearly £170) or perhaps twice that for the "proof" or collectors' version.

The face value of the Ecu 5 silver coin (around BFr 210) will be roughly the same as its intrinsic value but it will go on sale for about BFr 500 (£8.70), the "proof" version for nearer BFr 1,000 (£17.39). The Belgian Government will keeo the proceeds, though officials say that the "silver Ecu," being intended to reach a wide range of buyers, will not be a major moneyspinner.

Both coins will carry the head of Charles V, a local lad from Bruges (in the days before it was Belgium, of course) who was Holy Roman Emperor in the mid sixteenth century. He was, moreover, responsible for creating a new monetary system which at the time covered a large part of what is present day Europe.

Tim Dickson

Equal opportunity commissions

THE LIFE Assurance and Unit Trust Regulatory Organisation (Lautro) has bowed to pressure for commission rates on unit trusts and investment bonds to be harmonised.

Brokers and intermediaries now tend to push investment bonds harder since they are paid higher commissions. But under the new financial services legislation, they will have to give the "best advice" to their clients, and it is claimed they will not be able to do so if they are receiving higher commissions on one product (investment bonds) compared with a rival product (unit trusts).

The pressure to introduce the same commission for these comparative products has been building up, led by the Unit Trust Association and consumer organisations.

Lautro at first proposed a compromise to reduce the present gap of 5.2 per cent paid on bonds and 3 per cent for unit trusts, but this proved unacceptable. Instead, it has taken the plunge and this week announced new scales of commission that will end this anomaly completely — but not until 1991.

It was accepted that the proposed reduction in commissions would make life difficult for intermediaries, in the short term at least, so there will be a period to phase-in the change. The commission rate on bond sales in 1988 will be 4.8 per cent, dropping to 4.2 per cent for sales in 1989 and 3.6 per cent in 1990. It will reach 3 per cent by 1991.

This phase-in period is intended to ease the strain for intermediaries and give them time to rearrange their marketing efforts. There is also the sweetner that, from 1992, they will get renewal commission of 0.5 per cent of the value of the fund—an incentive to put clients into the best-performing fund.

However, intermediaries are likely to use the phase-in time to redouble their efforts to sell bonds, even though these salesmen are bound by the "best advice" requirements of the Financial Services Act.

Company representatives need not feel complacent that, because this commission scale applies only to independent intermediaries, they will be able to continue as before. If their life company also offers unit trusts, then the "best advice" principle means giving the best product in the company range.

It will also be difficult for life companies to operate two different scales of remuneration—one for independent intermediaries and the other for their own salesmen. These companies may have to demonstrate to Lautro that there is no product bias in the selling methods of their representatives.

Turning to other insurance products, like endowment mortgages, Lautro has made some minor concessions to the claims from intermediaries that the proposed new commission scales are too low.

The 25 per cent initial commission rate is unchanged but will be payable over a slightly longer period. It will apply for the first 24 months on 15-year contracts, 31 months on 20-year contracts, and 38 months on contracts of 25 years or more. But there are very few other concessions.

In particular, Lautro is not altering the terms on which life companies can make indemnity payments—lump sum payments in lieu of the spreading of the initial commission payments. These will still be discounted at 1 per cent a month—supposedly a commercial rate at which a bank would discount payments. The intermediaries wanted a discount rate of 0.5 per cent.

Lautro found that its original proposed commission scale came in for criticism from all sides—the consumer bodies and the established life companies saying it was too high, and the intermediary bodies and the linked life companies claiming it was too low.

On a single deal involving just one intermediary and one client, the commission rates still look high. For example, on a 25-year endowment to repay a mortgage, with a monthly premium of £100, some £25 of that premium goes to the salesman for the first 38 months.

On the other hand, the intermediary has to finance all his operations and overheads primarily from the commission payments. The commission agreements strictly limit the further financial help that can be given by life companies.

Faced with the costs of authorisation, the outlook for the smaller independent is not rosy—and a smaller number of independent intermediaries is not in the long-term interests of the consumer. It remains to be seen if Lautro has achieved the right blend with its new scales.

Eric Short

For name-droppers...

THINK OF all the time and money spent on trying to pick the right shares to buy. Whole research teams, filled with highly-paid analysts and fund managers and backed by expensive computer systems and communications, cost millions a year looking for the companies to follow.

However, apparently this is all a waste of time and money. Regency Life Assurance, in association with London stockbroker Kleinwort Grieveson, has solved the problem of picking winning investments and is generously going to allow us into the secret with a new fund called, appropriately enough, the Elite.

The idea is that you back successful people, not companies. Go for the top City names, the very admirals of industry.

Armed with his basic philosophy, it is all plain sailing. For as the brochure explains: "Kleinwort's experienced and dedicated team of investment specialists then sets out to select the creme de la creme of British business. . . the elite."

Who are the business titans picked after burning the midnight oil Kleinwort's dedicated team of investment specialists. Top favourite, with the biggest backing from the fund, is that shrinking violet, Sir Ralph Halpern. Then there are Lord Hanson, John Gunn, Alec Monk, Alan Sugar, Sir Jeffrey Sterling, Lord Rayner Stanley Kalms, Sir Terence Conran and Sir Derrick Holden-Brown.

So why has nobody thought of this novel, if somewhat risky, investment technique before?

Laurence Warburton, Regency's managing director, admits: "Proessional investors have always paid particular attention to the winners of industry, and rightly so.

"But alone among the hundreds of insurance-linked funds on the market, the Elite will be the first managed portfolio to give both large and small investors the opportunity of putting into practice the philosophy: invest in people, not in objects."

John Edwards

Richard Lambert interviews retiring M & G supremo David Hopkinson

Forget theory - study people

DAVID HOPKINSON leans back in his chair, and squints dangerously down his cigar.

"I am heartbroken that Owen Green (chairman of BTR) went for Pilkington and not GEC," he observes. "If he'd gone for GEC, there would have been hundreds of people on the barricades cheering."

After 25 years at M & G, which he has turned into the most consistently successful unit trust group in the country, Hopkinson is about to retire. And although he has never been shy about expressing his views in the past, he is relishing the thought of freedom. "Oh," he cries, "It's marvellous to be at the end of the tunnel, and able to say what you think."

He has forthright views on what it takes to be a good investor, on the role of the big institutions, and on the threats posed to the public by Big Bang. He combines bluff common sense with shrewd judgment and a kind of moral assurance—an unusual mixture in the City. Some of his peers say his ideas are old-fashioned, but even his critics hold him in high regard.

Hopkinson came to M & G after 12 years as a clerk at the House of Commons and brief spells at the Treasury and at Robert Fleming, the investment bank. Earlier, he had read history ta Oxford—which, characteristically, he says is an ideal training for an investor. (The worst training, he says, is to be a lawyer or an economist.)

Historians are taught to assess facts and conjectures, and to draw conclusions. And they have to make judgments about people, which he says is central to the whole business of investment management. The appointment of Christopher Hogg as chairman of Courtaulds was a fundamental moment for the fortunes of the group, while the arrival of Jeremy Morse meant the same for Lloyds Bank.

David Hopkinson: relishing freedom

'What you need to know is whether the chairman is on the bottle . . .'

"The investment manager who spends too much of his time on research and statistics and all those sorts of things probably isn't very good at his job," he says. No-one at M & G talks about beta fatcors or other fancy investment theories, which in the managing director's view are all rubbish. "But a long knowledge of people is extraordinarily helpful."

What you need to know, says Hopkinson, is whether the chairman is on the bottle, or whether the board is planning to do something daft like build a fountain in the entrance hall. In this correspondent's memory, just such an expensive gesture was correctly cited by Hopkinson years ago as an early sgin of things going wrong under former management at Tate and Lyle.

The way to make money, in his view, is to buy sound companies when they are down at heel, and when you think that the management is either going to improve itself or be booted out. The group took a huge position in Turner and Newall during the last days of the previous regime. "We knew they either had to be taken over or shaken up." And it now has a big holding in Midland Bank, where Hopkinson has high hopes for the work done by Sir Donald Barron and Sir Kit McMahon.

This approach has paid off. One of the group's largest funds, M and G Recovery, has an unmatched record since its launch in 1969. At the time, there were only 115 unit trusts on the market, of which 11 were run by M and G. A performance table of those 115 trusts over the next 17 years puts five of the M and G funds in the top twenty.

Most of the senior people at the group have been working together since the 1960's, with a simple investment philosophy. Hopkinson believes in investing on a contra-cyclical basis, which means that at present he is nervous about the highly rated stores groups, but attracted by the distinctly unfashionable clearing banks. And he is very much more interested in dividen dyields than in fancy ideas about earnings growth. It can't be right, he says, to be buying into Japan on nil yields.

Of course assets are important, but there are no golden rules. An investor has got to have flair, a feeling for how the market is going to run—however illogical that might seem—and an understanding of the people involved.

Doesn't he take any account of price earnings ratios? "I don't know what a p/e is," he growls. "The only thing I understand is dividends. Company boards have got to remember that their shareholders like dividends. They shouldn't have dividends covered three, four or five times, Shareholders should have the money: they own the company, not those damned directors sitting on their bottoms."

But ownership brings with it obligations and responsibilities. This strongly held belief is one reason why Hopkinson has been just about the only leading City figure to worry in public about the implications of Big Bang. The new attitude to trading in shares, he says, means that the equity of our great companies is being turned into confetti—or, with a violent shift of metaphor, into pork bellies which are bought and sold without any thought for the pig.

'I don't know what a p/e is. The only thing I understand is dividends'

Haven't big investors shown themselves to be hopeless as proprietors, quite unable to influence the affairs of the companies they own? In some cases, Hopkinson agrees that this is so. He says that M and G tried hard to change things at Distillers and Dunlop before giving up the unequal struggle. And he thinks that shareholder committees are absolutely hopeless, because everything becomes too confrontational.

But he also believes that long term shareholders can be of real value to the companies in which they invest, bringing the sort of experience and support which might be provided by a good non-executive director. M & G obviously cannot give this degree of attention to all the 250 companies in which it has a holding of about 5 per cent. But for the 50 or so which might require such liaison, it can.

Yet there are limits to what the individual shareholder can do. Hopkinson cites GEC as an example of a company which is too big to be influenced by individual shareholders in the face of a powerful managing director. He thinks the company is stale and has lost its sense of direction.

Lord Weinstock has done a fabulous job for the country and the company. But "he is as old as I am, and should like me be retiring." This thought prompts a rush to Who's Who, and a satisfied shriek at the discovery that Lord Weinstock at 62 is his senior by two years.

M & G can afford to take a more independent line that most of its competitors, since it is not part of a diversified financial services group. It is not without conflicts of interest — for instance, like other unit trust groups its rewards stockbrokers who bring it clients with commissions. But it is not nearly as tangled up as those fund managers which are under the same roof as market makers, corporate finance or research teams.

This independence would have been lost but for Hopkinson. In 1979, M & G nearly went bust after a period of financial mismanagement. Kleinwort Benson, the merchant bank, put in fresh capital and could have taken its shareholding up to more than 50 per cent. But Hopkinson, who had been running the investment management side and emerged during the crisis to become managing director, was strongly opposed. And Kleinwort rightly decided that it would pay to keep him sweet.

Today, he is concerned that Big Bang has created too many conflicts of interest in the City. He is alarmed by the concept of 24-hour trading, which he thinks could threaten a self-feeding decline if things went wrong. He thinks that not enough institutions have recognised the need for much tighter financial controls in the new environment. And he thinks too many people in the City are concerned more with making money for themselves or their shareholders than for their customers.

However, there are things to be cheerful about as well. He thinks that British management has improved a great deal in recent years, and that the UK economy is more prosperous than most people recognise. And he remains very enthusiastic about some aspects of the investment business.

For instance, he says, there is a great future ahead for the investment trust business. "Just at the moment, all the institutions are going in one direction (against the trusts) and they are all bound to be wrong." And he is convinced that private investors who have not got the time and energy to look after their own portfolios should go for a mixture of general unit trusts and investment trusts. Fashions come and go, but a general fund which goes on performing a little better than the market average year in and year out is very hard tobeat.

Walking out of his office, Hopkinson hastily points out that dusty looking potted plants on display are the property of the landlord rather than the company. But he wants early warning of any hint that his successors might be thinking of installing a fountain. That will be the moment when he will sell his shares.

FINANCE & THE FAMILY

A beast to love or hate

Philip Coggan and **Alice Rawsthorn** on attitudes to BES

IN ITS short lifetime the Business Expansion Scheme has been pilloried as a tax dodge, a ploy to help the rich become richer, and a cornucopia for unscrupulous financiers. It has also emerged as one of the most popular forms of individual investment.

The BES was conceived early in the 1980s when the Government became concerned that entrepreneurial, high-tech ventures were finding it difficult to raise launch capital. The venture capital industry was then in its infancy and the established sources of finance were reluctant to lend money to esoteric high-tech projects.

The solution, as the Government saw it, was to tap individuals as a new source of venture capital. But individuals were, not unnaturally, reluctant to engage in risky forms of investment such as fledgling companies and start-ups. In order to tempt them, the Government opted to sugar the pill of venture capital investment by offering generous tax relief.

The BES was introduced in 1983 as an extension of the Business Start-Up Scheme. It has been structured to enable individuals to invest up to £40,000 a year in "risky" ventures and to receive tax relief at their highest marginal rate on the investment.

For the investor, buying shares in a BES company is relatively straightforward. Investments come in two forms: direct issues, whereby a company sells its shares directly to the public; and funds, which are portfolios of companies compiled by sponsors.

Finding out what sort of BES investments are available is also simple. Local stockbrokers should be able to furnish would-be investors with a list of the more active sponsors: the larger issues are advertised in the personal finance pages of the weekend papers; and as any former BES investor knows, once you have bought shares in a BES company you will almost certainly be bombarded with junk mail.

All sorts of companies try to raise money through the scheme. Last year's issues included a theatre, the British

entry for the America's Cup, chains of shops, old people's homes, and a biotechnology venture. This year's range from a cable television station to a brewery, an anti-AIDS spray and a fleet of tankers.

The amount of money raised by each company varies enormously. The bulk of BES issues raise a few hundred thousand pounds but the more visible issues muster millions. The biggest-ever issue, Edinburgh Tankers, is now asking investors for £15m.

The first question a prospective BES investor should address is whether to invest in a fund or a direct issue. In theory at least, the virtue of the fund is security, in that the "risk" of the investment will be spread across several companies. The advantage of the direct issue is the fun of choosing an investment and following its progress.

How do you choose your issue? There are various BES magazines on offer which examine the merits of individual schemes, and the financial press analyses issues in some detail. There are also independent advisory services such as that offered by the stockbroker, Stancliffe. Sponsors will, of course, give advice but it can be less than objective.

The golden rule is to read the prospectuses, and Stephen Rowe, an analyst at BES Investment Research, cites a number of points to watch for when scrutinising them.

● **Relative costs of the issue.** Are the sponsors, lawyers and accountants absorbing too much of the proceeds? The cost of the issue should generally not exceed 10 per cent of the money raised.

● **Experience of management.** Have the directors been in positions of similar responsibility before? Do the non-executive directors have appropriate financial or accountancy experience?

● **Soundness of the business concept.** Have the directors researched the project thoroughly? Is their estimate of the market's potential sensible or absurdly optimistic?

● **Adequacy of the amount of money being raised for the company's long-term plans.** If too little is being raised, the company might have to return to investors for more.

● **Profit record.** If the company is not a start-up, how have its profits improved? Will the indicated future profits require a sharp jump rather than a continuation of the trend?

● **Reasonableness of salaries, incentives and share options.** Will future profits be absorbed by management, not investors?

● **Track record of sponsors and other advisers.** Check that the sponsor is a member of FIMBRA or another self-regulatory organisation.

● **Availability of a satisfactory exit route.** Will the company be able to go public on the Unlisted Securities Market in three years or the stock market in five? Does the company plan to join the new Third Market? If so, is there likely to be a liquid market in its shares?

DIRECT BES ISSUES NOW AVAILABLE

Company	Subscription	Sponsor
Black Horse Brewery	£500,000 - £2.8m	Pointon York
Cavendish Constructors	£2m - £7m	Smith & Williamson
Edinburgh Tankers	£4.5m - £15m	Johnson Fry
Jasmin Electronics	£158,000 - £1.58m	none
Lockton Shops	£1.5m - £6m	Guinness Mahon
Peter Ling Design	£500,000 - £5m	Austin Horn
Portledge Hotel	£450,000 - £1.8m	none
Unicorn Heritage	£3.7m - £5m	Johnson Fry

Having ploughed through the prospectuses, made your choice and sent off the cheque, how do you claim your prize—the tax relief? They key is the BES3 certificate which, providing the company qualifies, will be sent to you by the sponsor after you have made your investment. At the end of the financial year, you simply send in the certificate with your tax return.

Tax relief is available for the year in which the investment was made, even though the BES3 certificates might not arrive until after the end of the taxation year.

To ensure that the scheme encourages long-term investment, the tax advantages are conditional upon the shares being held for at least five years from the issue. Once that period is over, however, investors can sell without incurring capital gains tax.

In many ways, the BES has fulfilled the Government's original objectives. In the past four years, it has attracted almost £400m for small companies and coaxed thousands of individuals into venture capital investment.

Yet, the development of the scheme has been hounded by criticism that it is benefiting the wrong sort of businesses and, given that those businesses are being funded at the taxpayers' expense, that it is an extremely expensive form of job creation. The Government intended the BES to act as a complementary source of capital for companies which found it difficult to raise money from conventional sources; namely, high-tech projects, business in the economically recessed North, and industrial ventures.

However, the bulk of BES investment has gone to companies in the affluent South, often to service sector or asset-backed businesses and occasionally to charlatans. In successive budgets, the Government has attempted to steer the scheme back towards its original course; in the last Budget, for example, it clamped down on asset-backed issues.

Rumours abound as to what course the Chancellor is likely to adopt this year. The imposition of a "maximum" value of £1m on individual issues is thought to be lively, as is a ban on companies stagging more than one issue.

The Labour Party has yet to finalise its policy on the BES, but intends to undertake a rigorous review if it returns to power. Its most moderate course of action would be to tighten up the loopholes in the scheme; the most radical—abolition.

Spectacular extremes

AS WITH any other form of investment, some BES issues are successful and others fail. Perhaps because it is so risky an investment vehicle, both the successes and the failures tend to be more spectacular than usual.

To begin with the good news, Select Appointments turned to the BES in 1983 to raise capital to develop a group of recruitment consultancies. At that stage, Select sported two consultancies with a turnover of less than £500,000.

The company raised £400,000 through the Electra II fund. By spring last year, Select was eager to expand overseas and to join the USM, so bought itself out of the fund. The investors trebled their money, receiving £1.3m for their equity.

Select is now completing its plans to go public. It operates from 24 units, including two in France and one in the US, and should produce pre-tax profits of almost £1m on turnover of just under £10m this year. When it joins the USM, it will be capitalised at more than £8m.

If Select serves as a useful example of a successful BES company, then Care Homes must be one of the more dismal failures. Care Homes staged the most ambitious issue of the last taxation year by asking investors for £10m to establish a chain of luxury nursing homes.

***...The company raised £1.5m* from the issue and bought its first home, Dormy House. Within months of the issue, Lifecare International, a publicly quoted company which was to have provided a management service for Care Homes, went into receivership. On the same day, receivers took possession of Dormy House.**

Shareholders were left to wonder whether they would ever see their money again.

But the Care Homes saga has a happy ending. The company received money owing to it from Lifecare, Dormy House has been bought back from the receivers, a new management service appointed and it should open as a nursing home early next year.

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Christine Stopp explains how to assess different kinds of return

Apples are not pears

THE FIGURES in the table accompanying this article constitute heresy. They compare investment trust performance with unit trusts and, worse still, over the short term. A direct comparison between investment trusts and unit trusts is rarely made. although investment trust supporters normally cite their performance record as being superior because of the lower charges made and the greater flexibility for investment.

Unit trusts, meanwhile, have endlessly been compared with building societies, which could argue with some justification that their ordinary share accounts have considerably less in common with unit trusts than an investment trust does.

The table shows both share price total return figures, which indicate the gain the investor would actually have got over the period, and net asset value, which is the performance of the underlying fund. The main source of comparison is between the share price return and the unit trust offer-to-bid figures. The trusts shown in each case are the industry top 10 performers, so they are not representative of performance as a whole.

A number of conclusions can be drawn from the figures. Investment trusts have not performed as well as unit trusts over one year, although they are better performers over five years. In practice, though, the margins by which either group outperforms are not all that great. Looking only at these figures, it would be tempting to conclude that there is not a lot of difference between investment trust and unit trust performance.

The unit trust top 10 is dominated by the ruling market sectors of the period—particularly noticeable over one year, where Japan and the Far East trusts swept the board. Investment trusts, on the other hand, tend to have a more mixed bag at the top, perhaps because they have scope for bucking the market trend through gearing and a more varied range of permitted assets.

It is surprising not to see more striking performances from Japanese investment trusts in a year when the Japanese market did so well, given the investment trusts' reputation for overseas management expertise and their ability to gear.

Ted Sellers, a top investment trust broker from Alexanders Laing & Cruickshank, puts forward a number of reasons: "If an area like Japan goes out of fashion. prices in a unit trust will fall as the net asset value of the fund declines. In an investment trust, as the asset value falls, so the discount is widening.

"Investment trust shareholders are largely institutions who will tend to have a one-way view at any one time. For this reason, you have to be early with investment trusts: sell early if you think there are problems ahead because of widening discounts."

In other words, the discount itself tends to have an adverse "gearing" effect in bear markets. Unit trust performance should be seen against the investment trust net asset value figures in order to get a comparison of management effectiveness. By this criterion, the investment trusts do not stand out so well, with a top growth figure of 89.8 per cent (GT Japan) compared with Legal and General Far Eastern's 112.1 per cent.

Sellers pinpoints what he feels have been some investment trust failings in the Japanese market. "Investment trusts took ages to cotton on to financials. They also clung on to exporters for too long. It has been a treacherous market, and in an investment trust a manager has two decisions to make instead of one: in order to buy a stock, he has to sell another. That perhaps excuses them for not being too active."

The fact of being closed ended funds, and of not having the ups and downs in cash flow of a unit trust, are usually quoted as an advantage of the investment trust industry. In this case, it looks like a disadvantage.

Partly for this reason, Sellers feels that it makes sense to put money into specialist investment trusts only if you have a sizeable portfolio—say, £75,000 or more.

Perhaps this comparison has served simply to show that unit trusts and investment trusts are apples and pears, and cannot be talked about in the same terms. It certainly acts as a warning that the two should not be looked upon as identical. But then, neither should a unit trust and a building society ordinary share account.

INVESTMENT TRUSTS AND UNIT TRUSTS COMPARED

Top performers—1 and 5 years
% growth to end 1986

Investment trusts	Share price perf.	Net asset value	Unit trusts	%
One year				
GT Japan	95.1	89.8	L. and G. Far Eastern...	112.1
Govett Oriental ...	83.4	80.7	County Japan Growth...	102.9
Mrt. Currie Pacific	79.2	87.1	Sun Life FE Growth ...	100.0
F. and C. Eurotrust	79.0	51.3	Eagle Star FE	99.1
Murray Sm. Mkts.	78.2	56.2	Wardley Japan Growth	89.4
Pacific Investment	73.1	—	Dunedin Far East	86.5
Fleming FE	73.0	70.7	Cannon Far East	86.1
Pacific Assets	71.8	49.7	Sun Life Japan Growth	82.3
Greenfriar	70.9	34.2	Mercury Japan	81.5
TR Pacific Basin...	70.7	67.9	Henderson Jap. Sp. Sits.	81.1
Five years				
F. and C. Eurotrust	535.7	371.3	Hill Samuel European .	499.1
Lowland	520.1	426.1	Fidelity Japan	480.8
Fleming Japan ...	435.1	318.7	Barrington European ...	457.3
Drayton Japan ...	429.7	310.4	Henderson European ...	395.2
Greenfriar	416.7	296.8	Mercury Recovery	357.9
Murray Sm. Mkts.	415.3	294.7	Schroder European	355.0
Fleming FE	380.6	308.3	GM Recovery	354.1
TR Pacific Basin...	369.7	334.7	S. and P. Europn. Gwth.	353.9
Bankers	352.1	257.6	Fidelity Special Sits. ...	351.3
Law Debent. Cpn.	348.4	—	Equity and Law H. Inc.	343.3

Investment trust figures include allowance for reinvestment of net income.
Source: AITC.
Unit trust figures are offer to bid, income reinvested.
Source: OPAL.

Aids policy

Eric Short discusses the problem faced by life companies considering insurance proposals

TWO SCOTTISH life companies. Standard Life and Scottish Equitable. have both admitted to taking specific action against proposals from potential Aids (Acquired Immunity Deficiency Syndrome) risks.

The action concerns two men buying the same house with an endowment mortgage. Instead of completing the normal short proposal form which has only a couple of medical questions, both men will each have to complete a full proposal form, and be prepared to undergo a full medical examination, including a blood test, at the company's request even though the answers on the full proposal may be satisfactory.

News of this latest move in a life company's reaction to the Aids' risks has implications for people seeking life assurance.

First, it shows that life companies are extremely concerned about the impact of possible Aids death claims and are prepared to do more in underwriting the risk than simply ask questions about Aids or blood tests in the proposal forms.

Second, it shows that life companies are now coming out into the open and are prepared to make public their policies about Aids.

Life companies operating in the UK have been warned of the dangers of not taking the necessary underwriting precautions against potential Aids claims in their underwriting, by the experience of life companies in the US and Canada.

But the only specific reaction from the life companies' trade body—the Life Insurance Council of the Association of British Insurers—has been to recommend that a specific question should be included in the proposal form.

Certain life companies feel that this action is not sufficient. Evidence so far on Aids has identified certain groups that are potentially higher risks for Aids, such as male homosexuals and drug users.

Standard Life and Scottish Equitable are endeavouring to pick out applicants who could be homosexuals, treating them as potential Aids risks and subjecting them to more stringent medical requirements.

The immediate reaction of men subject to this requirement is to take their proposal to another life company.

The other three leading life companies in the endowment mortgage field—Friends' Provident, Norwich Union and Scottish Amicable—all claim that they are treating applications for endowment mortgages in the usual manner.

However, their short proposal form does ask a specific question on Aids and blood tests, in addition to the usual one question on the proposer's general state of health.

Neither Standard Life nor Scottish Equitable are likely to be concerned if some customers go elsewhere.

Both companies emphasise that they are not making moral decisions on proposers. Nevertheless, since heterosexual persons are now becoming potential Aids victims it is difficult to see why these companies do not subject all applicants to the same underwriting procedures.

Standard Life hopes that the Life Insurance Council will take the initiative in adopting an industry-wide approach to Aids underwriting.

This move is becoming urgent. Life companies rely heavily on the confidential report from the proposer's own doctor. Companies claim to be finding that doctors are reluctant to disclose information of a sensitive nature if it indicates the possibility of Aids.

Certain applicants are reportedly asking their doctors not to disclose certain facts to the life companies.

Investors are reassured

INVESTMENT TRUSTS have been the Cinderella investment medium for the private investor for decades.

In recent years, the Association of Investment Trusts Corporation and specialist stockbroking firms have been campaigning to explain the advantages of equity investment through investment trusts.

Investors who have taken this advice will be reassured by the 1986 investment performance figures for 1986, published this week by stockbrokers Wood Mackenzie.

The average share price rise last year for all trusts analysed by WM was 32.4 per cent, against a rise in the FT-Actuaries All Share index of 22.3 per cent.

Total return in investment trusts, allowing for reinvested income, was 35.2 per cent.

Averages and comparisons with the All-Share are not an infallible guide to investment management performance. The average performance underperforms the World Index, mostly because UK equities account for less than 10 per cent of the world index and just under half of investment trust assets. And last year's 22.3 per cent rise of the UK equity market made it one of the lowest performers.

The UK specialist funds group had a price increase of 21.2 per cent, less than the All-Share, and a total return of 25.2 per cent.

In contrast, the Overseas and Industry Specialists sector had an average price rise of 34.9 per cent and a total return of 36.3 per cent.

One argument for investing in investment trusts has been the discounts of share price to assets. In 1986 investors saw this argument borne out.

Discounts narrowed during the year from 20.8 per cent to 18.4 per cent, falling below 20 per cent for the first time in more than 10 years.

This indicates that investors are becoming more conscious of the use of investment trusts and are more active in this sector—though not on the scale that they use unit trusts.

Nevertheless, investment trusts held their own against unit trusts last year on investment management only—the net asset value total return averaged 29.7 per cent against the Planned Savings unit index rise of 28.8 per cent.

WM is bullish over the prospects of investment trusts this year. It expects investment performance to continue to at least match the markets. And it expects the discounts to narrow further.

Eric Short

· PROPERTY ·

' Photofit ' buyers know what they want

JOHN BRENNAN previews research which fills the data gap between developer's gamble and what the London residential buyer seeks.

FORMAL CONSUMER research has been a long time coming to the housing market. There are any number of house price indices, countless subjective reports from house agents, even occasional sample surveys of buying attitudes among the customers of individual estate agencies. But when it comes to creating properties as products in a market, hard evidence of what buyers really do want when they move is thin on the ground.

Last year, when John Anderson of P&O/Town & City's housebuilding arm Bovis wanted to make sure that the £18m he'd paid for the old British Rail site at Chelsea Basin would be well spent, he ran into an astonishing research vacuum. Central London luxury residential property, a sufficiently restricted, and certainly well enough served section of the market to expect to find exhaustive information on supply and demand, proved to operate almost entirely on inspired guesstimates.

Architect Ray Moxley's residential village design had helped win the tender for the riverside site. The demand for the commercial space in the scheme could be weighted and priced fairly exactly against known data on business use in the area. But in looking for solid data to help decide upon the precise designs of the 400 flats and apartments in Chelsea Harbour, Anderson drew a blank.

Everyone proved to have their own definition of the boundaries of central London luxury residential property market. There turned out to be almost as many definitions of a "prime" residential property as there are of the likely buyers.

Dozens of smaller residential developers producing luxury conversions in London have become less likely to make blind guesses about what future buyers might want, and increasingly take account of selling agents' design recommendations. Even then, it's an eighteen month gamble on whether the result will be a Mustang or an Edsel — whether it will hit the market with the right product at the right time at the right price, or whether it becomes a scheme with everything going for it, except buyers.

Since Anderson didn't feel inclined to take that kind of gamble with £100 million worth of development costs, he decided to do something about the data gap. He commissioned the research team of the commercial property agency Jones Lang Wootton to find out what London buyers spending a couple of hundred thousand pounds or more really would like to put their money into, and where those buyers were likely to come from.

JLW's pilot research took soundings from 10 of the top London residential agencies. Aylesfords, Boston Gilmore, Cluttons, W. A. Ellis, John D. Wood, Keith Cardale Groves, E. A. Shaw and Sturgis all lent their combined wisdom to the project, as well as Hamptons and Savills, who were appointed by P & O as the joint sales agents for Chelsea Harbour.

What takes this still confidential report a long step forward is that the distillation of market knowledge gathered from the pilot study was then tested against further, detailed consumer preference research of a representative cross-section of UK and foreign property buyers.

Planned hour long interviews with these recent, or prospective, buyers turned out to underestimate the interest in houses and flats. JLW's interviewers found that far from testing interviewees' patience with an exhaustive list of questions, the approaches merely whetted buyers' appetites to discuss at length the properties that appealed to them.

The meetings regularly ran on for a couple of hours as buyers discussed areas they regarded as good, bad, or indifferent locations; talked of the points they looked for in a flat or house;and, perhaps most important of all, explained what compromises they had been willing to accept to get as close as they could to an ideal home within the limitations of price and availability.

Research results that radically contradict broadly held assumptions about a market as closely followed as housing would be highly suspect. In this case, JLW's research did confirm most of the established views about the importance of location, style, and space in buying decisions. But it also provided Anderson with a far more detailed analysis of the relative values potential buyers place upon all the other elements that make up a potential home.

After price, location and size emerged as the two most critical elements in choice of a property. They were the most important considerations for 92 and 90 per cent of the sample respectively. That said, location proved to be just as subjective as you would imagine, with clear evidence of London's psychological "villages" emerging.

Previous London owners tended to move only short distances from a known area, while incomers naturally graduated to areas familiar to them from visits. The striking differences in views of what constitutes "Central London" came through strongly. As JLW notes: "Individuals purchasing property in the area of Holland Park tend to regard this as part of the central area, while those in *Knightsbridge* regard *Holland* Park as virtually 'suburban'."

In trying to pin down what buyers see as the "character" of an area it emerged that subjective thoughts about the amblance and visual appeal of a particular part of town are grounded in practical considerations of the general sense of security in, and ease of access to, any given area. Immediate access to shopping wasn't regarded as essential, given that nowhere in London is that far from a broad range of shops. Nine in ten buyers regarded a riverside home as a positive advantage. The same number rated a football ground as quite unlivable with.

It is easier to say what one wouldn't live next to than to put into words the whole mix of factors that make up a good location. In *JLW's* survey the unacceptables for luxury home seekers proved to be football clubs and their supporters (90 per cent); council housing (70 per cent); a railway (66 per cent); heavy traffic noise (24 per cent); nearby light industry (20 per cent); an industrial character to an area (18 per cent). Traffic congestion (rejected as unacceptable by 8 per cent); areas with offices (another 8 per cent) and aircraft noise (2 per cent) were evidently accepted as an inevitable part of the scene.

The report firmly underlines the importance attached to buyers' view of their property being an investment, and that a good location remains the key to continued capital growth. "This was also demonstrated by a tendency for property searches to be very extensive, and a very heavy emphasis on 'getting a good deal'."

Ease of parking proved to be almost as critical a factor as property size, "essential" for 78 per cent of the sample. Even so, six in ten buyers—and particularly the US buyers and investors—also took careful account of the ease of getting to public transport.

Getting to and from a new home is evidently seen as more important than any particular preferences for a specific style of the property itself. However, JLW identifies a "general cynicism and mistrust in the market place of residential developers."

UK buyers proved to have the highest degree of flexibility on the type of property. Despite their reservations about conversion sandards, US buyers and, oddly enough expatriate buyers, preferred conversions with character. Pure investors and company purchasers veered strongly towards ease of maintenance and the generally perceived higher quality of newly built properties.

As for size, UK buyers confirmed their "very low level of awareness of actual room dimensions and relative size expressed in square feet." British residential properties have traditionally been sold by the number of rooms, not the usable space, even in London's highly internatonal core areas. The JLW report makes it clear that few buyers see anything odd about this casual approach.

The report looks in detail at the factors that are regarded as essential in a home, and at those regarded as open to compromise. As many as 30 per cent of buyers proved to have been willing to drop their initial ideas about the internal lay-out and number of rooms in a property. A fifth of the sample had accepted less sizeable and less well appointed kitchens than they had wanted. But only 8 per cent of buyers ended up in a property outside their first choice of location.

The big compromises start to emerge in areas where a property can be altered. Then, it seems, buyers simply look at the potential, almost regardless of cost.

In JLW's sample, 70 per cent of buyers had made "significant alterations" (apart from decorative work) to their new homes.

"This high level of alterations applies not only to those purchasing converted properties, as might be expected, but also to purchasers of new-build property."

In four out of ten cases these alterations represented over 10 per cent of the capital value of the properties, and as JLW discovered, "owner-occupiers in particular tended to disregard the cost of their improvements in discussing the investment value and potential of their property.

"In virtually all cases, the critical factor considered was the initial price paid, rather than the total all-up cost after improvement."

Only a minority of buyers were impressed by the lavishly finished flats and houses that have become the standard output of developers of luxury properties. All those chintzy hanging blinds, painstakingly mottled walls, and expensive fittings serve only to inspire the do-it-yourself interior decorators to call in the builders and start again. "There was," notes JLW, "virtually no demand for *totally interior designed*" ... properties.

The five most popular elements in a property turned out to be "quality"—a composite of the location, style, and standard of the property; an impressive building entrance; large reception; good daylight, and a kitchen with external windows. The least important features were details such as fitted burglar alarms. There was surprisingly little enthusiasm for a separate dining room, an extra shower or en-suite bathrooms, and cloakrooms.

Out of the mass of separate property elements, JLW identifies the recurrent theme that, "the most commonly regarded important features related to space." Fittings, services (apart from porterage which was regarded primarily as a security measure) and entertainment and leisure facilities, were generally regarded as a waste of money.

The photofit central London luxury property buyer to emerge from the research is an owner-occupier (70 to 80 per cent against 15-20 per cent for investment). There is only a 50-50 chance that the buyer will be British and, given a free choice, there's a near 70 per cent chance that the buyer would ideally like the option of as large a property "shell" as possible with the scope to choose the interior layout and fittings themselves.

At Chelsea Harbour the research findings were translated into housing the designs—including the "shell and core" option of doing just such an off-the-plan reshuffle of flat interiors—and virtually the whole of the phase of the scheme has been sold out. The consumer research paid off.

A more informal sample survey of Savills' customers over the past *few months provides* an additional insight into central London buyers and their preferences. The firm's average customer turns out to be male (58 per cent), British (71 per cent), in the 30 to 50 age range (60 per cent), looking for a two bedroom flat (45 per cent) and with £200,000 to £350,000 to spend (46 per cent).

Seven in ten of these buyers wanted period properties, an even higher proportion excluded basement flats from their viewing lists, and (in direct contrast to the JLW findings) only 18 per cent of Savills' informal sample proved to be keen on moving into a property they could fit out themselves. But that, as Savills' Victoria Mitchell reasons, isbecause shell and core options "are still something of a novelty in this country. . . ."

Here again, spaciousness emerged as a priority, and location—orientated to the West End rather than to the City—critical. In a top 20 of prime locations Savills customers saw Clapham, Battersea, Hammersmith, Olympia and Shepherd's' Bush as the fastest up-and coming central areas, but Belgravia remains supreme.

Savills Top Twenty

% who regard the area as "good or excellent"

1. Belgravia	91
2. Knightsbridge	90
3. Chelsea	87
4. Mayfair & Kensington	84
5. Hampstead	82
6. St John's Wood	66
7. South Kensington	64
8. Richmond	56
9. Wimbledon	46
10. Barnes	30
11. Putney	24
12. Fulham	20
13. Notting Hill Gate	19
14. Bayswater	18
15. Chiswick	17
16. Docklands	14
17. Islington, and Battersea	6
18. Clapham	4
19. Olympia, Kennington/Stockwell	2
20. Hammersmith	1

EEC acts on foreign sales

For 18 months, a British Euro-MP has been working for a code that covers the timeshare and holiday property businesses. Now, says JOHN BRENNAN, there is hope that standards will be agreed before the end of this year.

ONE WORD seems to have been excluded from reports of timeshare hard selling as the campaign to outlaw, or at least expose, unscrupulous developers gains popular newspaper support. The word is greed.

Greed is the common denominator in a significant number of reports of hard-sold tourists, rooked "investors," and victims of dubious sales techniques. Timeshare "sharks" would be of academic interest if they did not have shoals of tourist prey to sink their teeth into.

It is often the greed of their prey on which the salesmen rely, achieving deals which, in retrospect, lead to the complaints that the Conservative Euro-MP for York, Edward McMillan-Scott, has accumulated as proof that people are: "pestered, conned, or bullied" into buying.

Over the past 18 months McMillan-Scott has been pursuing his campaign for codified European standards for the largely unregulated timeshare and holiday property businesses. "I'm not asking for a 'nanny state'," he says, "but too many people have been taking too many others for a ride."

Timesharing is only one part of a broader review of foreign property purchases now taking place within the European Community. There are an estimated 1m owners of foreign properties in the EEC.

The European Commission is working to establish agreed standards for foreign property sales before the end of this year. Those standards are expected to fall short of any direct call for amendments to individual member states' freehold property laws. But timeshare regulations are likely to carry the force of a full Commission Directive, to resolve what Edward McMillan-Scott sees as a yawning gap in the law.

"Equity based timeshares are covered to a great extent by existing company law," he says, "but other forms have no status in most countries."

McMillan-Scott has no fundamental objections to timesharing itself, although he has strong reservations about the business practices of a number of timeshare operators. "I don't think timesharing is wrong, provided that people understand what they are getting into."

He accepts that in a proportion of the complaints he has received, buyers must share the blame for deals that turn sour. "But when, for example, so many cases are pensioners who have been misled, there is the need to make it clear to promoters that if you are selling, you have a responsibility to your public."

Instances of blatant fraud include the sale, by glossy brochure, of holiday club developments McMillan-Scott has visited (to the irritation of, the developers). He found the classic "artist's impression" only. In other cases, the Spanish subsidiary of a publicly quoted British company turned out to be concentrating its sales programme on elderly visitors who are pressured into thinking that a purchase would be an ideal way of passing a seemingly cast-iron investment onto their children.

He has found many older people whose reaction has been to buy on the basis of plausible sales talk, and who are then too embarrassed at their mistake to make a fuss later on. "I've talked to people who say, 'We have made complete fools of ourselves.'" Their mistake, though, persuades McMillan-Scott of the need for European-wide action. "It is simply not a proper way of conducting a business."

He welcomes the self-regulatory efforts of the development groups, but would like to see an EEC backed code that defines timeshare—making clear the often confusing distinctions between the part ownership of a development company, a share in a holiday club, or a stake in the property itself.

He is pressing for an automatic seven-day "cooling off" period to end the instant sales that cause so many of the problems; as well as greater local controls on developers' activities.

"In Portugal, in the Algarve Province, the Civil Governor has taken a close interest in timeshare activities, and that is the right level to crack the whip." These sales teams are now licensed, and limited in number.

The Spanish Government has set up an inter-departmental committee to consider complaints about the rogue developers, and has expressed alarm about the impact of adverse publicity on tourism. But it has yet to take any action on complaints. In the UK, the Department of Trade and Industry's Consumer Affairs Unit is publishing a basic "Do's and Dont's" leaflet for tourists thinking of timeshare purchases.

In the European parliament Edward McMillan-Scott will be calling for that community-wide Directive: "There are an estimated quarter of a million timeshare sales in Europe now, all — except those in Portugal — uncovered by statute. As the Community grows up, and as more people and money move across borders, three should be a better basis for buying property between states."

It is mainly British tourists who appear to fall prey to the rogues in Spain—the Germans, Dutch, and Scandinavians prove themselves far less susceptible to the extravagant promises of sales teams. Property "ownership," even in so ephemeral a form as timeshare, has been much the most successful sales angle for the developers, and this approach evidently appeals more to UK homeowners than to their continental counterparts.

Continental European tourists seem to feel less of an urge to pay for schemes enabling them to think of their holiday accommodation in terms of extra bricks and mortar. Developers openly confirm that their sales teams worn on the principle that, once a prospective client has expressed even the mildest interest in a scheme, their job is made easier by a buyer's willingness to suspend natural caution in the hope of getting something for nothing.

It is this "buy because it's a bargain" thinking that leads to so many of the problems; whether because of tempting discounts for an immediate purchase agreement, or the quite common practice, apparently, of helping buyers evade local property taxes and VAT by doing a discreet deal for cash.

At the risk of labouring the point, timesharing involves the multiple marketing of often quite pleasant holiday accommodation at unit costs that have to include all the expenses of construction, funding, protracted marketing and a profit for the developer.

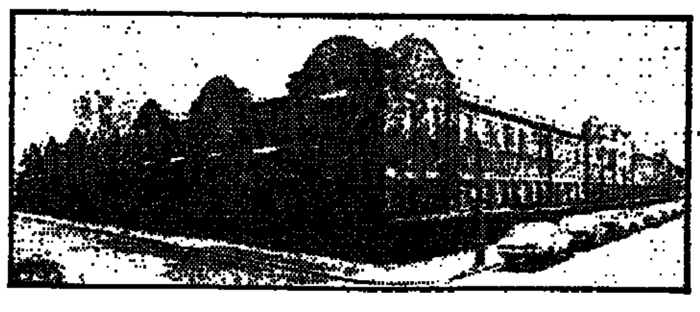
The retail price of a few weeks' accommodation each year will, therefore, be perhaps two-thirds more than the underlying cost of that proportion of the property itself. There may be exceptions—but that is a fair rule of thumb; and it immediately undermines prospects of a timeshare unit being an automatic "investment" in any normal real property sense.

Accommodation alone is unlikely to represent more than a third to a half of a holiday's costs, so it is not a complete "investment" in future holidays, either. Management costs are an expense that further dent the appeal of the package. Quality of management, once a development is completed, is another potential problem. So is the difficulty of accounting for adequate depreciation of a holiday estate when the ownership is spread so widely.

There is as yet no adequate resale market in Europe to capitalise on any paper rise in values, except in a few schemes with developer buy-back arrangements, which often involve sizable discounts for "used" apartments. Exchange arrangements, cited as a strength in that they provide the opportunity to swap weeks with other comparable resorts, do cost extra annual membership fees and exchange charges.

That said, as a way of forward-buying some element of holiday expense, and of ensuring the quality of resort, timeshare does suit quite a few people. The Timeshare Developers' Group estimates that there are 1,200 properties being sold as timeshare units, and a million owners worldwide, 60,000 of whom are British. Total sales internationally are expected to reach £260m this year.

If some buyers fall prey to the "sharks" in the process, the question missing from much of the present generally unselective anti-timeshare commentary is whether timeshare buyers would have been as willing to suspend judgement quite so swiftly if they were not hearing what they wanted to hear—having switched off common sense for the scent of a "bargain."



THE £13m, 50-house Hurlingham Square development by Barratt Central London (below) is about to be pre-sold. The square is being built on the site of the old Drayton Paper Works (above) off Peterborough Road, Fulham SW6. Four-bedroom houses there are priced at between £245,000 and £300,000 and Barratt (01-630 5721) expects to have completed the project by spring 1988. First houses should be ready for occupation late this year.

December 15 1986

Flats plan for London air ter

BA's former West London Air Terminal, which is to be converted

WE WILL have to wait until mid-March to learn that the Berkeley House Group is to create 423 luxury flats in the radically converted frame of the former British Airways West London terminal on Cromwell Road, SW7 (as reported exclusively by the Financial Times on December 15). The £100m-plus scheme is being kept under close wraps by the new owner of the building, Manhattan Development, which is in turn owned jointly by Land Investors, a property group, and Farelane International. Now that planning permission has been granted by the Royal Borough of Kensington and Chelsea, the developers are keeping the whole scheme secret for a few more weeks. So, not a word. . . .

SIGNBOARD

• Canonscourt Farm, a 17th century six-bedroom farmhouse in a 20-acre caravan park and leisure park near Wotton-under-Edge, Gloucestershire, comes with its own nine-hole golf course. The Grade II-listed farmhouse, 19 miles from Bristol, four miles from the M5 and 10 miles from the M4, has planning consents to extend the existing outbuildings to create a bigger holiday tour centre. As it stands, the existing 60-place Cotswolds Gate caravan park has a £10,000 annual turnover, the golf course £2,700, and the already-established bar has an income of £11,500. Humberts (01-629 6700) expects offers around £275,000 for the freehold.

Canonscourt Farm in Gloucestershire

Eyot Wood, Lower Shiplake, Oxfordshire

• A THAMES river frontage at £3,333 a foot would be a bargain on the basis of some recent Docklands' deals. Two miles up the river from Henley, the price offers a more placid outlook from Eyot Wood, Lower Shiplake, Oxfordshire; a fully-modernised, six-bedroom Edwardian country house complete with its own boathouse and slipway — and that 180ft of riverside. Eyot Wood is just 40 miles from central London, and around 40 minutes by road to Heathrow Airport. Andrew Hay, of Knight Frank & Rutley (01-629 8171) and John Dempsey, of A. C. Frost — Prudential (0753 840266) are looking for offers over £600,000 for the freehold.

• STRUTT & PARKER warns that the steady rise in residential values through 1986 in the East Midlands country house market might be running out of steam and, with the prospect of a general election, "we expect residential values to remain steady, with perhaps a reduced market over the election period."

• COSTAIN HOMES has managed to negotiate the move of the Northampton Golf Club to a proposed new 18-hole course at Harlestone to make way for an 800-home estate. Subject to planning approval, the 108-acre site of the old course will produce a net 70 acres of building land set among a number of artificial lakes and landscaped areas. The balance of the land will be retained as public open space.

Caught in the maze. . .

Tax abroad

For several years I worked abroad for an American organisation which paid premiums on my behalf to the Teachers' Insurance and Annuity Association/College Retirement Equities Fund, giving me a total accumulation of $70,000. I also accumulated about $10,000 of US Voluntary Tax Deferment Annuity Plan (VTDAP) investments.

I am now resident in the UK and have stopped making contributions to these plans, but would like to let my funds continue to accumulate. Do I have to declare these funds to the UK Income Tax authorities? Am I liable to pay any tax on earnings while the funds accumulate? Are there any tax reasons for transferring these funds to UK-based investments or insurance policies?

You will find general guidance in a free booklet, obtainable from tax inspectors' offices: IR20 (1986)—Residents and non-residents; liability to tax in the UK.

After reading this, you may well decide that it is worth seeking local professional guidance through the international tax maze—at least for a year or two, until you feel familiar with income tax and capital gains tax principles.

Tax on land sale

My father died in January 1954, leaving a property in trust to my sister and myself. My mother is still living, and occupies the property as a life tenant.

The garden is rather large, about half an acre, and the trustees have decided to apply for planning permission for approximately one-fifth of an acre, for the erection of a single house. If planning permission is granted, the trustees propose selling the plot, and the capital gain will obviously be considered.

As the property is a private dwelling with a garden under one acre, I have been told there is no Capital Gains Tax liability if part of the garden is disposed of in this manner. Is this correct?

You will find broad guidance in a free pamphlet, CGT4 (rather misleadingly entitled Owner-occupied Houses), which is obtainable from the Trustees' tax inspector. There will probably be no CGT bill to meet, provided that the plot is not fenced off until after the sale contract has been made and that your mother continues to use it as an integral part of the garden until contract day, at least. The solicitor who acts for the Trustees will be able to guide them through the CGT maze, of course.

Company car offer

I am about to be offered a leased car, up to two litres, by my employer even though I would rarely use it for business. In return I will have to make a modest monthly payment to my employer but I understand I would also be taxed. My marginal rate of income tax is 50 per cent. How do I decide whether to take advantage of this offer?

You will find general guidance in a free booklet, 480 (Notes on expenses payments and benefits for directors and certain employees), which is obtainable from your tax inspector. It really depends upon what value you place upon having the car—do you think it is good value for the net outgoings it will involve?

Debit is disputed

It is alleged by our client that a payment made by collection under the authority of a direct debit mandate with an unspecified amount was incorrect and/or excessive. As soon as the payments details were made known to our client by his bank, he immediately telephoned the bank informing it that the payment was incorrect and asking for immediate reimbursement, which he understood was a condition precedent for the operation of the scheme by the Committee of London Clearing Banks.

Our client's banker subsequently informed him that its enquiries of the payee confirmed that the amount collected was correct and, in the circumstances, it was not prepared to reimburse his account and that he would have to pursue any dispute with the company who collected the amount.

Variable direct debits for unspecified amounts are now in common use and we have only recommended them on the understanding that amounts in dispute would be refunded to our clients by their bankers without question and that the dispute would then be between our clients and the company collecting or claiming the amount in question.

In conclusion, we quote from the notes attached to the direct debit mandate in question: "your interests are fully protected by the fact that the society has completed and lodged the prescribed forms of indemnity in favour of your bankers with the Committee of London Clearing Banks. If we should originate direct debits in error, you may seek immediate reimbursement from the society through your bankers."

We suggest that you raise this matter with the Banking Ombudsman (Citadel House, 5-11 Fetter Lane, London EC4A 1BR), as it raises issues of major importance in the operation of direct debiting schemes.

Payment delayed

In December I sold an acceptance (allotment) letter for 800 British Gas pp shares in person at the office of my stockbroker.

So far I have not received a contract note or settlement cheque, despite calling twice at the office and being told each time that a cheque should be "on its way." Staff (junior) in the office tell me the shares were sold at 65p and that payment has been authorised, but I still have nothing. What shall I do?

You should write to the broker (by recorded delivery service) requiring payment of the sum due and further requiring interest to be paid on that amount as from the day after Settlement Day. Keep a copy of your letter. If necessary you can take proceedings in the County Court for recovery of both the sum due and interest. Unfortunately you cannot pursue the claim to interest if the amount due is tendered before a court action is commenced.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Married allowance

My wife and I both work in government related jobs. I earn approximately £3,000 less pa and I would like to know if it would at all be possible for her to claim the married tax allowance instead of myself. Our incomes would fall below the level where the separate tax allowance would be of benefit.

Write to your tax office and ask them to put your allowance on your wife's coding (instead of your own) for 1987-88 onwards, if that is what you want. This can usually be arranged.

Let there be light

My house is adjoined on the south side by a deconsecrated church, with a space of about five feet between the wall of the house and the boundary of the churchyard. There are no windows in the south wall of my house. If I inserted some windows in this wall, would this restrict the freedom of the developer to erect a building on the site of the church which obstructed light to those new windows? The existing church is sited behind my house, not alongside it.

Yes: but only after 20 years of freedom from obstruction of the windows, and even then only so as to prevent the reduction of light to the area served by the windows below what is needed for the reasonable enjoyment of that area.

Donald Elkin examines the many inconsistencies that can affect non-residents under British tax law

When exceptions are the rule

THE piecemeal enactment of UK tax law has resulted in many inconsistencies. One is that, while non-resident, you are entirely outside the scope of Capital Gains Tax, even in respect of gains from UK assets, but you remain fully taxable on your UK source income.

Or—to be more precise—that is the general rule. It is a rule subject to many exceptions. *Some are statutory; some result from Inland Revenue concession, others by reason of international agreements.*

Perhaps the best-known legislative exemption is the one which permits anyone not ordinarily resident in the UK to receive interest on certain Government securities without liability for tax. But there are others. Salaries paid by UK organisations to employees who perform all of their duties overseas, escape tax liability too. (Unhappily for them, Crown servants do not benefit from this piece of fiscal generosity; their salaries and pensions are taxable wherever they reside, although any foreign service allowance they receive is exempt. And some pensions do attract exemptions).

When many British colonies gained independent status the UK government took over responsibility for the payment of Civil Service pensions earned *up to that time. In recognition* of the foreign service from which such payments arise, no tax is charged when the pensioner is non-resident. Similarly, UK commercial pensions escape tax if the service in respect of which the pension is paid was largely abroad. The detailed requirements which must be met in order to qualify for exemption vary according to whether the pension is purely voluntary, or is paid from superannuation funds approved by the Inland Revenue. These rules are strictly applied; pensions deriving from non-approved funds remain fully taxable.

Provided the appropriate conditions are met, an Inland Revenue concession gives *de facto* exemption from tax in respect of gross interest and British state pension payable to non-residents. But it does so in terms which are, at best anomalous, and little understood. In strict law, a non-resident remains fully taxable on these sources of income.

Nevertheless, concession *B13* provides that if you are non-resident throughout a year of assessment during which gross interest is paid to you, and there is no agent or branch in the UK in whose name you can *be assessed, no action will be* taken to collect the liability—unless, that is, you yourself claim some relief from the Inland Revenue. In practice the same treatment is applied to state pensions.

Of course, while interest paid by UK banks and building societies is normally subject to deduction of Composite Rate Tax (CRT) at source, you can avoid this by completing the appropriate declaration of non-residence. Having done so you could be forgiven for thinking that you have been granted some statutory exemption from tax on the interest. Not so. Concession B13 continues to rule; tax will be claimed back if its conditions allow.

In practice, Crown servants and servants and pensioners resident overseas are most likely to fall foul of these rules because usually they will want to claim reliefs. (That is, the proportionate allowances due to them as non-resident British subjects.) But when they do so the Inland Revenue, by reducing or eliminating these reliefs, will claw back the tax on the gross interest and state pension. In the former case this adds insult to injury, because the charge will be at 29 per cent as against the 25.25 per cent CRT, which the non-residence declaration affords.

EXPATRIATES

Not only Crown servants are affected. All expatriates should bear in mind that UK interest, paid gross in the tax year in which British residence is resumed, will not be covered by the concession and will, therefore, be fully taxable—even if the interest is received before *the date of arrival in the UK.* However, this charge can be avoided by switching the British account offshore during the previous tax year and closing the new account, in its turn, immediately before arrival in the UK.

Double Taxation Treaties, too, sometimes release UK source income from its normal liability to tax. The UK has concluded no fewer than 76 such measures — never mind those concerned only with death duties or shipping and air transport profits. Each was individually negotiated, and their terms do vary, one from another, but there is a common theme. Generally, residents of treaty countries receive exemption from UK tax on royalties, pensions (other than pensions for government service), annuities and business profits; provided they have no permanent establishment in the UK.

However, unlike the tax exemptions mentioned above, you must bear in mind that *these measures flow from bilateral treaties;* the price of avoiding UK tax is usually acceptance of tax liability in the country of residence.

Antony Thorncroft goes below the high-rise of a famous financial centre

Singapore looks to its soul

THE PROPRIETOR of the medicine shop was firm. I couldn't try the antelope horn he was scraping into a box. I was too young: taken by anyone under 70 it could lead to a rush of blood to the head. I had better stick with the chrysanthemum leaves, for a soothing cup of tea, and the Tiger Balm, to rub away aches.

Singapore has acquired quite the wrong image. In its drive to establish itself as the financial and trading centre of South-East Asia it is celebrated for its soul-less skyscrapers and its spotless parks, its cowed citizens and its squeaky cleanness, a kind of Home Counties Hong Kong.

You can't really be executed for dropping a Chinese cookie or castrated for having more than one child, despite the rumours. Not everyone goes to bed at 10 o'clock, and it is not as stifling as Christmas in Cheltenham. In fact, just in time, Singapore has woken to the fact that tourism is its third biggest money-maker, and it has stopped bulldozing its old *quartiers*. It is now that most desirable of spots—one where hotels smother you in luxury but Oriental mystery is just around the corner.

The medicine shop is in Chinatown, something of an anachronism in a city where over two-thirds of the 2.5m people are Chinese. It is alongside a pavement calligrapher who, despite being unable to speak a word of English, cheerfully draws your name in Chinese with gold lettering on a red banner. Around the corner, Buddhist temples, heavy with incense, rub shoulders with Wong's Plastic Surgery Centre. Looming behind the maze of tiny tumbledown streets, where half the people smile at strangers and the other half scowl, are the tall towers of a stunted future.

The Singapore miracle paused last year, and is only slowly picking up steam again. As a result, the island city must be among the best bargains in the world. There is a glut of first-class hotels which at the urging of the authorities are competing by slashing their prices. It is quite in order to haggle your way down to £30 a night for a double room which, with its separate bath and shower and panel of bed-side controls, would not disgrace *Dynasty*.

In fact, a pleasant time can be spent in Singapore just hotel hopping. I was virtually kidnapped by the Pan Pacific, the latest to open and a pioneer in a new district reclaimed from the sea and overlooking the second busiest harbour in the world.

The other Singapore: Hindu priest in Little India

One hotel, Raffles, has become a major tourist attraction, and lives up to it with a shop selling a full range of Raffles merchandise and a determination to live in the past, in the era of tiffin and pig-sticking. But sitting in the garden under the palms while ex-pats perform Noel Coward on the veranda, it is easy to slip into a colonial reverie: it would be easier still if the Singapore Sling, invented by the hotel, had not become a glutinous milk-shake of a drink.

Raffles, a very elegant structure now celebrating its centenary, will stay. So, also, will the adjacent districts settled in the last century by the immigrants to Singapore, especially the Indians and the Arabs. With names like Baghdad Street and Muscat Street, the Arab area would be unmistakable without the golden dome of the Sultan Mosque towering over alleys in which merchandise, from batik to baskets, jostles in confusion.

The Arab quarter leads into Little India. Here the shops specialise in fabrics—and sound equipment. Everywhere there are restaurants encouraging you to eat fish head supreme, off a banana leaf, for less than £1.

Eating and shopping, or rather window shopping, are the two main diversions of Singaporeans when they reluctantly leave off working, and tourists should fall into line. The city provides some of the best gourmandising in the world, mainly because of the mix of cultures. There are Chinese restaurants of every region, Malay, Indonesian, Thai, Indian, Japanese, and European food.

But it is best to avoid the restaurants and infiltrate the hawker centres, a typical example of Singaporean paternalism. To control standards of hygiene, the street hawkers have been corralled into open-air eating plazas, where diners sit round a make-shift table and get propositioned by every imaginable variety of cook—the satay specialist (offering 12 sticks for £1); the chicken man; the purveyors of duck porridge and of chilli prawns; of century eggs and an endless variety of noodles.

Singapore has recently produced research which suggests that it is a cheaper place to shop than Hong Kong. Its over-endowed shopping centres certainly have an empty, price-cutting look to them, not least the Lucky Centre where you will be propositioned to come upstairs for a "copy watch," a Gucci or a Rolex for — well, try to haggle down to £10. The other great bargain is the taxi. Few rides seem to cost more than £1.

The visitor should not care too much that there is no crime, no hustling, no sex, no squalor in Singapore—at least on the surface. If all this righteousness becomes stultifying, Malaysia is a 40p bus ride away across the causeway. Here there is enough colour and smell and exoticism to send you rushing back to your Singapore hotel room. The mix is irresistible. A night in Malaysia, at the Government Rest Home overlooking the South China Sea in the picturesque fishing village of Mersing, costs £8. A meal for two in Johore Bahru, the adjacent city to Singapore, £2; an 80-mile taxi ride between the two, £12.

People pass through Singapore. If its Government can persuade them to stay just one extra night, the surplus hotel rooms would be well used. There may be few "must see" sites, unless you are keen on birds (the Bird Park), or animals (the Zoo), or ships (the harbour cruise). But the city now totters in an odd balance between the old and the new. The latest scheme is to rescue the Singapore river from decay, making the New Otani Hotel, now an isolated flagship, the centre point of Singapore's Covent Garden. As somewhere to relax and eat and shop, all on the cheap, with the reassurance that the degenerate East is less than an hour away in every direction, Singapore can hardly be bettered.

• Singapore Tourist Promotion Board, 1 Carrington House, 126 Regent Street, London W1. (01)-437 0033.

Stuart Marshall tries out the Sapphire, the latest version of the Sierra

Jewel in Ford's crown

DEPENDING whether one was looking at a watch or a diary, Cyprus was two hours or three months ahead of Britain in frozen mid-January. The sun shone so warmly that lunch in Paphos was taken outdoors in shirt sleeves. Flowers bloomed everywhere and about the only thing I could not find out about the new Ford Sapphire I was driving was the efficiency of its heater.

People who think Cyprus is just another of those hundreds of Greek islands get a shock when they look at the map and find it is further east than Cairo and nearly 4½ hours flight time from London.

The weather is not always so good early in the year. Exactly three years ago when I was there driving various Toyotas, the roads in the Troodos Mountains were under several inches of snow. This time, Mount Olympus had a sprinkling on the summit but none a few hundred feet below. Down on the plain it was more like early summer than spring.

There was little traffic on the billiard-table-smooth Limassol-to-Nicosia motorway, which one enters near Amathus at a hideously dangerous crossroads, just as though it were an A or B road. The by-ways from Troodos to the coast were rough enough with their single-track tarmac and dirt edges to give the Sapphire's all-independent suspension a thorough work out every time another vehicle appeared.

With the whole of Europe snowbound, fogbound or both, Cyprus was a good place to be, trying an important new Ford.

Discounting the estate, which came soon after the original hatchback was launched over six years ago, the Sapphire is the first major body change Ford has made to the Sierra. It is one, if readers' inquiries are anything to go by, that a lot of potential buyers have been waiting for.

Ford caught a cold with the Sierra in the early days. Replacing the booted Cortina with a no-option hatchback bodied Sierra, styled to look like a supersonic blancmange mould, was a bold—some might say foolhardy — move. The Sierra, though mechanically a vast improvement on the Cortina Mk IV, came in for a lot of stick from prospective buyers who could not stomach its looks. "Give us a boot," they cried. And at last Ford has done so.

Now it is easy to believe Ford UK's managing director Derek Barron's forecast that the Sapphire will consolidate his company's place as overall market leader this year. After all, four in 10 buyers of cars in the Sierra's size and price class choose three-box cars with boots, not hatchbacks. Ford had abandoned them to competitors.

Even though the Sierra has been selling very well recently—it was number three in the top ten for 1986, just ahead of the Cavalier — Ford would have done better still if it had had a booted mid-size car.

At last — Sierra with a boot, not a hatchback. The Sapphire is a welcome addition to the range and comes in six versions with six engine options.

Rivals like Rover (the Montego) and Vauxhall (the new Carlton and not-so-new Cavalier) will be watching the Sapphire's performance in the registration charts from next month. It goes on sale on March 3 at prices not yet known but promised to be keenly competitive.

There will be six Sapphire models in various trim and equipment levels from a sales rep's version to a Ghia, with six engine options. These range from a 75 hp, 1.6 litre to a fuel injected 2-litre producing 115 bhp. There are two lean-burn units, a 1.8 litre (90 bhp) and 2-litre (105 bhp) and a 2.3 litre, 67 hp diesel supplied by Peugeot. A 205 bhp, four-door Sapphire-based version of the Sierra RS Cosworth is under development and will be available at the end of this year.

From the front, the Sapphire looks exactly the same as a Sierra. Overall, it reminds me of the new Vauxhall Carlton and from behind it could be mistaken for a Mercedes 200-300, which may not be a coincidence.

The Sapphire's launch is only part of a major mid-life up dating of the entire Sierra range. All Sierra models have smoother exteriors with more glass area, a stiffer body structure and impact-absorbing polycarbonate bumpers. The suspension has been modified in the light of experience with the Sierra XR4x4 and RS Cosworth. Lighting and security systems have been improved; the front seats are now like a Scorpio Granada's; and the instruments and minor controls have been tidied up.

Air conditioning, electrically-heated windscreens and a Ford-developed six-speaker stereo sound system are available in selected models. Electronically controlled anti-lock braking (ABS), which all Granadas have as standard, is optional on all Sierras and Sapphires. With ABS, the buyer also gets rear disc brakes and 65 series tyres on 14 inch wheels.

It all demonstrates Ford's belief in progress through technology—though surely someone else has used that phrase before. And for those who remember the launch of the Sierra's oldest ancestor, the original Cortina of 1963, it is a reminder of the immense sophistication of the modern high-volume car.

The Cortina, a tinny stretch of the old Anglia, was intended to lock horns with BMC's all-conquering Mini. Now its posher descendants must be seen as possible alternatives to the basic versions of cars like the BMW five-series and Mercedes 190. Their mechanical layout is similar, too.

So far, I have driven only one version of the new Fords, the two-litre, 115 bhp Sapphire Ghia. Cyprus is no place to try for maximum speeds but a very brief and illicit dash on the deserted motorway showed that wind and mechanical noise at 110 mph did not stop me listening to the news on the BBC World Service.

The suspension is excellent: firm enough for enjoyably responsive handling on winding mountain roads but offering a ride that hardly noticed broken tarmac.

Inside, one makes mental comparisons with BMWs—the instruments are strikingly similar and the Ghia trim is quite luxurious. The manual sunroof was usable at normal driving speeds without creating too much disturbance. Rear seat backrests fold down so that things too long and awkward for the boot need not be left behind.

Gearing (21 mph per 1,000 rpm in fifth) seems a sensible compromise between long-legged cruising and good flexibility in town, with a probable mpg figure for the 2-litre, 115 bhp model in the high 20s to low 30s.

How many Granada owners, I wonder, will be tempted to try a top Sapphire model next time?

Gerald Cadogan comes up with some wooden responses

The things that trees remember

"HOW OLD is it?" I am always being asked. Archaeologists have to know the age for our explanations of early society and the economy to make sense. But often we do not know as precisely as we should like. What can we do about it? One solution is to count tree rings.

It is a simplest way—in theory at least—to tackle age, and to know if wooden objects and timbers are genuinely old. It gives a mass of incidental information on the early climate and ecology and conditions of life. And the rings are so precise that we can date to a single year an event in a tree's life of 5,000 years ago.

Dendrochronology, the study of tree rings for dating, is more difficult than slices of large trees with arrows pointing to the Fire of London or Columbus's discovery of the Americas suggest. If the bark, or the sapwood just inside the bark, are preserved on a tree just cut down, it is easy to count inwards and work out its age. But they are usually missing in building timbers, or one does not know which part of the rings one has. And it is regular to have a gap—the time for seasoning—between felling and using the wood.

Enter dendrochronology. Its pioneer, A. E. Douglass, studied long-lived trees such as the bristlecone pine and the giant sequoia in semi-arid Arizona and New Mexico in the early part of this century. He realised that marked changes in the widths of the annual rings were an accurate record of the climatic variation. A thick ring meant plenty of rainfall that year, a thin one little.

His work is carried on by the Laboratory of Tree-Ring Research at the University of Arizona. One discovery has been a 12-year drought from 1273, which probably led to a fall in the prehistoric population in the Mesa Verde in Colorado. It helps that the trees they study live so long.

Living sequoia gives us sequences back to the 3rd century BC; while in the White Mountains of California at 10,000 ft a bristlecone pine is still standing that died 9,000 years ago. It is a pine that does not rot.

The patterns in the rings hold for the whole of a climatic region. It is the same in Europe. The West German oak chronology, for instance, extends to Luxembourg and some of France and Switzerland.

But our trees do not survive like those in the American south-west. So, to find long sequences in the patterns—here and in the US—the technique is to make bridges between the profiles of the ring-widths. From overlapping different well-dated trees and timbers a composite picture emerges. Then a new piece of wood may be dated by fitting it to the pattern. Or it may tie together "floating" sequences, as a Cornell University team did this summer for the Aegean oak sequence of the 16th century.

With the pattern suddenly sewn up, they could date the White Tower of Thessaloniki to 1535. This had dramatic confirmation with the finding of a 19th century photograph that showed a lost inscription on the Tower. It said that Sulyeman the Magnificent built it in 941 AH—that is, 1535 AD.

Oak is most useful in Europe, though beech, larch, silver fir and even elm help. Since we do not have such extreme climatic changes, the growth patterns are sensitive and difficult to discern. And we have no living trees over 400 years old. Also, frost, and caterpillars—especially winter moth and oak leaf roller—eating the leaves in May, may all inhibit growth. Scrupulous accuracy, now with computers, is necessary to record and match the patterns.

Dendrochronology dates buildings, environmental changes and wooden objects, including whether they are genuine or not. In Sweden the change at Lund from natural forest, defined as untouched by the axe for 500 years, to open woodland pasture (today's country) happened around 1000-1200. Narrow oak rings, suggesting the crowded condition of the natural forest, gave way to wide rings. Man let in light.

Rings have dated the great barn of Great Coxwell to within a decade of 1300, resolving a dispute that ran from the early 12th to the late 14th centuries. They confirm the authenticity of oak chests and cupboards, which are often dated, and show the gap between felling and using the wood. And they have guaranteed a painting by Rembrandt on an oak panel.

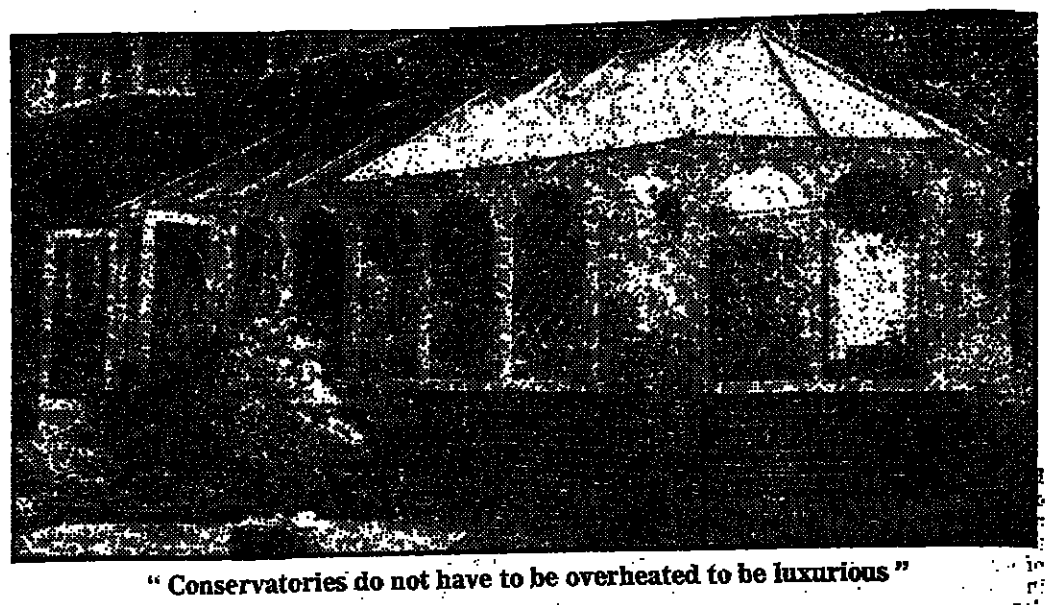
In Germany the oak sequence goes from strength to strength. It is secure since 822, and between 486 BC and 369 AD. The data come from Roman and pre-Roman bridges, and timbers in the old salt mines at Bad Neuheim. And the beech sequence goes back to 1320 with the help of timbers in Trier Cathedral.

The 14th century in England was a time of summer rains, to judge from elm piles by the Thames in London. But narrow oak rings in the 13th century reflect humidity from glacial melting. That produced bumper acorn crops (pig food) and narrow rings because the trees put their efforts into the fruit. And in the 8th century there were several dry summers of fires and crop failure; in 783 men died of drought on the Continent. The rings at Hamwith near Southampton reflect precisely what the Saxon chroniclers record.

The greatest surprise comes from the Somerset Levels peat bogs where wooden tracks (of around 4000 BC) are rich in new data, including a 314-year sequence on an oak board. It is a floating sequence, but one day it may be tied down. With the board were 150 thick stakes of ash, alder and hazel, used as posts, pegs and rails. Some were cut for driving into the mud. All were about 25 years old.

This suggests that they came from a stand of trees of the same age that was being grown as a coppice for cutting. If so here is our first evidence for efficient forest management, from 6,000 years ago. Prehistory will not say if it was also tax-efficient.

Gardening



"Conservatories do not have to be overheated to be luxurious"

Beauties in danger

Robin Lane Fox offers some tips on keeping plants in conservatories

ARE THE best houseplants necessarily the most exotic? People with conservatories expect to enter a strange world. They look for tropical leaves and jungle greenery, trailing fronds and the sort of flowers which ought to interest humming-birds.

This strange world plays some strange tricks with the names we all know. Mimosa turns out to be called acacia; lemon verbena is lippia; if you want a scented orange-tree, you may be sold something called poncirus; the best white marguerite daisies are really chrysanthemums, the grey-leaved foeniculaceum variety which will not survive garden frost.

These gardeners also confront the problem of temperature. "The first law of physics," said Werner von Braun, "is 'whatever goes up will also come down' . . . "The law applies to greenhouse heating, as well as nuclear missiles. It is not too difficult to give a moon orchid a day temperature of 70 deg F, but is is another matter to maintain it all night, especially if your conservatory is unwisely attached to the household's central heating. I am not convinced that true hot-house plants are worth so much money to the owners of new glass.

At the moment, my best house-plant needs only a minimal defence against frost, but it has been growing furiously since the New Year. Its evergreen leaves are charmingly scented; it has an exotic name without an exotic life-style, and next summer it will be covered in white flowers.

Yet, how many indoor gardeners bother with the common myrtle, a plant which is often listed as a "hardy shrub?" Outdoors, it survives about one modern winter in four, unless you live on the Gulf Stream; so nobody bothers with the Myrtus family in most of Britain.

They fall into a poor category, neither outdoor nor "indoor" plants, but they ought to come inside and be left to flourish. They can be clipped into formal shapes and they are just as charming as plants for much greater heat.

The truth is that conservatories do not have to be overheated to be luxurious. Myrtle is one possibility, the scented white rhododendron fragrantissimum another, a superb semi-hardy shrub which can be trained into the loveliest small standard tree in a pot under glass.

Have you ever tried the variegated form of coronilla glauca in a similar place? This soft shrub is covered in scented yellow flowers, like a small sweet-pea, and is a lovely sight in the Mediterranean in spring. Its variegated form adds cream markings to its elegant grey leaves.

Again, this shrub will occasionally survive a winter outdoors, but the slightest conservatory will show its full charm. It tends to flower in late winter and early spring, just when you want to be sitting under the glass in sheltered sunshine. At that season, you can enjoy it with some heavenly daphnis, the scented odora, of course, but also the wonderful daphne bholua in a purplish or white form. This dramatically scented plant will flower like a stephanotis and does not need any constant heat or humidity.

So far, the lesson of the 1980s seems to be that the winters will be consistently harsh. Notions of suitably hardy shrubs are under revision. It is all very sad, but the many new owners of conservatories may not realise that they are the gainers. There is no need to hare off in pursuit of weird bananas or lotus-flowers because the conservatory can now rescue beauties which are borderline in the garden.

Personally, I like to include some of the subtle scents which are hardy, but sometimes unnoticed in cold winter gardens. It takes a warm atmosphere to bring the full scent from winter honeysuckle or the evergreen sarcocca, the winter box.

Both of them can be clipped and trained like topiary and stood outdoors in the summer. In winter, under glass, a pyramid of winter honeysuckle is very highly scented, while the sarcocca gives off a vigorous scent of honey. They may be hardy, but are they not exotic in their own way?

There is one further inducement. I cannot see why near-hardy shrubs are any less exciting under glass than many temperate ones. Certainly, they are vastly cheaper. Try shopping in West Country nursery lists, and you will find some lovely things priced at hardy, outdoor levels for gardeners in that fortunate area. Among several, I recommend Burncoose Nurseries, Gwennap Redruth, Cornwall: it sells everything I have mentioned and its white climbing plumbago is only £3 a time. If you dissociate most of the leaves in a true hot-house from the surrounding mist, damp and temperature, most of them are not so very special.

Revise your ideas of temperature downwards, and you can still sit in a jungle of daphne and myrtle, Mexican cestrums with dangling flowers, and huge prickly mahonias from the Himalayas with leaves like a large acanthus. In gardening, too, knowledge stops you overheating.

Collecting

Antique market expands

There's something for all—from blockbuster events for professionals to bric-a-brac in the local church hall

THE MUSHROOM growth of antiques fairs has effected a revolution in the retailing of collectors' goods at the lower end of the market. Three or four years ago I wrote about antiques fairs as a comparatively new diversion of the London Sunday. Now they represent an extensive business, with more than 60 companies regularly employed in organising them nationwide. Since some of these individual impresarios arrange as many as 60 or more events in the year, the annual number of fairs runs well into four figures.

At the top end of the scale are the grand old-established events like Grosvenor House, in June, and Burlington House, at the Royal Academy in September, where the best professional dealers in the business show off their most spectacular pieces. Then come the annual blockbuster events, like Olympia and the National Exhibition Centre in Birmingham; and a handful of prestige annual or twice-yearly events like Chelsea, West London, Harrogate, the West of England and the London Antique Dealers Fair, where goods are vetted with reasonable (if not infallible) care for authenticity.

It is a long way from these to a dozen bric-a-brac stalls in the church hall, which represent the other end of the spectrum. The major growth has been midway between the two, with the kind of regular fairs that sell small antiques and are held weekly, monthly or bi-monthly in three-star hotels or public halls in every part of the country.

The fairs phenomenon has developed out of the booming passion for collecting—everyone nowadays collects something, whether it is cigarette cards or Ming—combined with the deterrent costs of setting up and staffing a conventional shop. The trader's only overheads on a stall at a fair are rent, which can start at a few pounds, and the cost of transporting and displaying goods.

Exhibitors at the middle range of antiques fairs are variously made up of professional shopkeeper dealers who find them a useful supplementary showcase, amateurs breaking into the business and regular dealers who trade entirely by travelling from fair to fair, benefiting from an ever changing clientele.

The stock at this kind of fair is usually what the trade calls "general antiques," aimed mainly at the local buyer looking for decorative bits of porcelain or glass or jewellery. They are not primarily designed either for the trade or the serious collector.

The largest and liveliest of the general fairs—which does have a broader trade and collector appeal—is the huge Alexandra Palace Antique and Collectors Fair, held five times a year, with more than 500 exhibitors. The next of these is on March 8.

There is clearly room for more specialised fairs and these are slowly developing. Last year saw the inception of a watercolours and drawings fair, and on April 5 there will be a scientific instruments fair at the Gloucester Hotel. Historic and Heritage Antique Fairs have antique doll fairs at the Cumberland Hotel twice a year—the next on March 29.

Books and paper collectibles represent a separate and flourishing aspect of the fairs phenomenon. The Provincial Booksellers Association organises about 150 books fairs a year, including monthly London events at the Russell Hotel (usually the second Sunday and Monday in the month) and in St Olave's Parish Hall, Mark Lane, EC4 (usually the third Tuesday of the month).

Independent Bookfairs organises monthly Sunday events at the Royal National Hotel (same Sunday as the Russell Hotel fair) and the Bonnington Hotel (generally the last Sunday of the month), and the less frequent Chelsea Bookfair. The weekend of June 20 will be this year's biggest book event, with major fairs all over the West End and a huge influx of foreign exhibitors and buyers.

The largest paper fairs are organised by the Ephemera Society, which has five Sunday "bazaars" during the year at the Victory Services Club in Seymour Street, Edgware Road (the next is on March 5), and two "specials" at the Park Lane Hotel on June 14 and November 1. (Inquiries about other dates and society membership to 01-994 7430).

The National Theatre houses a now-regular Performing Arts Book and Paper Fair in October. In London there are four or five fairs a year speculating in film memorabilia, at the New Ambassador Hotel, Upper Woburn Place; and an annual movie jumble at Central Hall, Westminster. Manchester has also a regular film fair.

A monthly print and map fair, mostly dealing in the more modest items of the genre, is held monthly at the Bonnington Hotel, generally on the Monday following the Russell and Royal National Book Fair. For the flourishing post-card market there is a monthly fair at the Bloomsbury Court Hotel (dates slightly unpredictable).

As a guide through the overgrowth of antiques fairs (though not the book and paper fairs) the Antique Collector Magazine has published a fairly comprehensive calendar for 1987 (75p, Antique Collectors Magazine, National Magazine House, 72 Broadwick Street, London W1V 2BP).

The record is formidable. Today for instance the calendar lists fairs at the Queens Hall, Leeds, the Corn Exchange, Bury St Edmunds and Chelsea Town Hall; and weekend events at the Old Swan Hotel, Harrogate and the Civic Hall, Solihull.

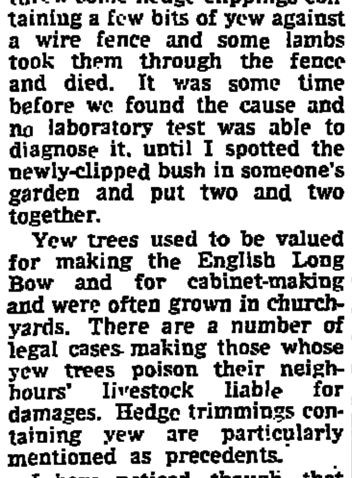
Tomorrow there are no fewer than 14. The London Sunday fairs are at the Cafe Royal, the Park Lane Hotel, the Hotel Intercontinental, Hamilton Way, W1, the Royal Westminster Hotel, Buckingham Palace Road, the Trafalgar Tavern in Greenwich and Picketts Lock Leisure Centre in Edmonton N9. It is also the weekend for the Royal National Hotel and Russell Hotel bookfairs and the Monday Bonnington Hotel print fair. As a general rule Sunday fairs are open from 11 to 6 (Russell Hotel Book Fair 2-8), though with antique buying it's always the early bird that gets the worm.

Janet Marsh

Country Notes

When yew has a fatal attraction

John Cherrington warns about the danger to animals of yew poisoning during the winter



DURING the acute shortages of meat in the last war we were encouraged to inform the local meat control of any sick animals which were unlikely to respond to treatment so that a butcher could come to the farm, slaughter the beast and add it to the ration. So on one miserable snowy day I knew just what to do when I found a cow, one of a group which had broken out of a field, collapsed on the roadside. I thought she was suffering from a stress condition, magnesium deficiency, for which there was then no cure, and set the procedure in motion.

The butcher came, slaughtered the animal and took her away, and we went on searching for the rest of them. A couple of hours later I found them in a wood some way off, and under a yew tree were two more, stone dead. I knew at once that they had eaten a few twigs and the earlier casualty had obviously succumbed the same way.

I rang the slaughterhouse at once to suggest they did not distribute the meat, but was told that within an hour of arrival it was in the shops and well spread throughout the town. So we then handed the whole thing over to the authorities, the police were set to go round with loud speakers, and the Ministry of Agriculture given the responsibility of deciding whether the meat was fit to eat. On balance it was thought to be harmless, though it might give the consumers constipation, and no more was heard of the matter.

Although I had heard of yew poisoning, I had never seen it before. But during the same snowy spell a few sheep had broken away from a flock and I saw one walk up to a small yew bush and hungrily graze off some twigs. Within seconds it seemed to stagger, and it was dead in a few minutes. After that experience I cut down every yew plant to which I had access and burnt the remains thoroughly.

But that was not quite the extent of my losses. A few years later a branch blew down from a tree in someone's garden and three calves died, and a year or two ago someone threw some hedge clippings containing a few bits of yew against a wire fence and some lambs took them through the fence and died. It was some time before we found the cause and no laboratory test was able to diagnose it, until I spotted the newly-clipped bush in someone's garden and put two and two together.

Yew trees used to be valued for making the English Long Bow and for cabinet-making and were often grown in churchyards. There are a number of legal cases making those whose yew trees poison their neighbours' livestock liable for damages. Hedge trimmings containing yew are particularly mentioned as precedents.

I have noticed, though, that not all yew is poisonous all the time. All the cases I have known have been when there has been either snow, when there is little green growth apart from the yew foilage, or in summer drought when the same applies.

Expanding Galaxy

Arthur Hellyer discovers four new hybrids to boost interest in achilleas

I HAVE just received grafts of the four new Galaxy achilleas that were introduced at the Chelsea Flower Show last May. A month later, I saw these same plants growing at Bressingham Gardens in Diss, Norfolk. They had been cut back after the show, replanted, and had already made sufficient new growth to be starting to flower again—a remarkable performance.

Superficially, you would probably take these plants to be new colour forms of our native yarrow, Achillea millefolium, but I am told that they actually are hybrids (made in Germany by Wilhelm Kikullus) between that species and A. taygetea. This would explain the yellow and salmon in these new varieties.

I would hope that the new Galaxy achilleas might retain much of the toughness of our British species, a virtually indestructible plant, whereas A. taygetea has always required sunshine and warmth to make it completely reliable. These are questions that only time and experience can answer; but I note that the Bressingham Gardens catalogue does recommend full sunshine and also that soil must be "well prepared," which suggests a need for good drainage.

I mention this because anyone accustomed to the various pink and red varieties of common yarrow, which are just about as easy to grow as golden rod or michaelmas daisies, might jump to the conclusion that the Galaxy achilleas can be treated with similar unconcern. I shall certainly give mine a well-chosen place until I know better.

The four varieties at present available have been renamed for the British market but it is just as well to know the German names since these are the only ones officially valid. The names are Appleblossom (apfelblute), light pink; Great Expectations (Hoffnung), a muted yellow which Bressingham describes as sandstone yellow; Salmon Beauty (Lachsschoenheit), light salmon; and The Beacon (Fanal), deep red.

Appleblossom and Salmon Beauty are the tallest at 90 cm (3ft). The Beacon is in the middle at 75cm (2½ft), and Great Expectations is the shortest at 60cm (2ft), just about the same as the carmine Cerise Queen.

This is a very old variety which is still freely available but tends to be despised probably for the snobbish reasons that it is cheap and one of the easiest hardy plants to grow. With its showy flat heads of small, crowded flowers, its finely-divided green leaves, and its dense habit, it is still an excellent border perennial.

Even in the wild, the common yarrow varies quite a lot. On lawns and in grassed pastures it becomes a completely prostrate plant, so entangled with the grass that it was almost impossible to eradicate until selective herbicides came to the rescue. Even without such perpetual pruning, it can vary from 20 cm (8 in) to 60 cm (2 ft) in height. The basic colour is a rather dull white, but clearer forms may be seen and pale pinks are quite common.

Graham Thomas describes a variety named Coleen Keesing, collected in Greece, as being clear creamy-white and 90 cm (3 ft) tall; but I have never seen this, nor the pale sulphur-yellow Flowers of Sulphur (Schwelblute) described as probably a hybrid of A. millefolium but less rampant. Both its German name and its description make it sound like a precursor of Great Expectations.

I hope that the arrival of the Galaxy achilleas and the publicity that attends them will arouse new interest in the achillea family as a whole, for it is a useful one. The boldest member is Achillea filipendulina, a sturdily upstanding plant with big flat heads of tightly-packed yellow flowers from mid-summer onwards. They can be dried for winter decoration.

Several forms have been given garden names, Gold Plate being the largest of them — as much as 150 cm (5 ft) high when well grown with flower heads a good 15 cm (6 in) across. It was the most popular kind until challenged by Coronation Gold, which is smaller and might be regarded as more in scale with modern gardens; but I would still recommend Gold Plate for sheer magnificence.

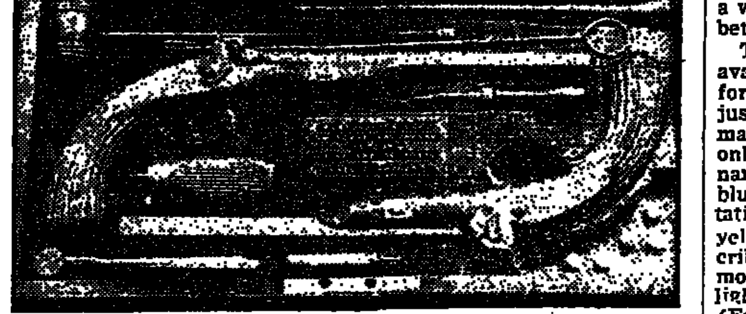
Achillea ptarmica in its double flower forms was much grown as a cut flower until mounting costs of transport reduced its profitability. Perry's White, once popular, seems to have disappeared but The Pearl, so much like it that I was never sure of the difference, is still freely available although scarcely ever recommended. The little pure white flowers are carried on 60 cm (2 ft) stems for a long time in summer and the plant is just as easy to grow and spreads as rapidly as the yarrows—qualities which make it a weed in the eyes of some fastidious gardeners but endear it to those who like to be sure of success.

The yellow-flowered Achillea taygetea, one of the parents of the Galaxy achilleas, has feathery grey leaves and flat heads of pale sulphur-yellow flowers on 45 cm (18 in) stems. Again, it is variable, and most nurserymen offer the form named Moonshine without even bothering to mention that this is A. taygetea.

I have no quarrel with that since popular names are much easier to remember than mechanical ones and, in this context, just as accurate for identification. Moonshine is an excellent plant with silvery leaves but there might be an extra need for sunshine and good drainage. In damp, shady places it is likely to disappear in winter.

There are also low-growing yarrows suitable for rock gardens, sunny banks and a front line of borders. Three of the best, because they are both reliable and decorative, are Achillea argentea, with finely-divided silvery leaves and white flowers; A. tomentosa, with ferny-green leaves and yellow flowers; and a pale yellow, green-leaved hybrid between them variously called King Edward and Lewisii. King Edward now seems to be preferred by the catalogue compilers, possibly because it has mechanical priority, but more probably because it is vernacular. All three are charming, easily grown plants with which you are unlikely to go wrong.

Pushkin's fans celebrate



Pushkin's duelling pistols

RUSSIA'S greatest poet Alexander Pushkin died 150 years ago, killed in a duel by French army officer Georges d'Anthès. Millions of Russians are commemorating the anniversary of his death on February 10, and this weekend Pushkin specialists from Britain, the USSR, US and France are holding a celebratory conference in Luton.

They will be joined by several descendants of those involved in the dramatic events of Pushkin's life, and the weekend festival will be hosted by Nicholas Phillips, the great-great-great grandson of Pushkin, who lives in Luton.

Celebrations include Pushkin readings and lectures, extracts from the operas and music he inspired and a dramatic account of the events which led to his death. On Sunday, February 8, a memorial service will be held in the Russian Orthodox cathedral, Ennismore Gardens, London SW7 at 1 pm.

No other poet is so often quoted by Russians as Pushkin. He expressed their national consciousness, irrespective of class, period or régime.

Pushkin was only 37 years old when he died. Although in his artistic prime, he was in poverty, and his life was becoming increasingly intolerable due to the attentions d'Anthès was paying to his wife Natalia.

By autumn 1836, the scandal was widely known in St Petersburg. As a cover, meanwhile, the Frenchman was courting Natalia's unmarried sister, Ekaterina Goncharova.

On November 4, several of Pushkin's friends received an anonymous letter, written in French and addressed to Pushkin. It stated that the poet had been elected "coadjutor of the Grand Master of the Order of Cuckolds, and Historiographer of the Order." Pushkin's reaction was immediate. He challenged d'Anthès to a duel.

A fortnight's truce was arranged by friends and the marriage between d'Anthès and the willing Ekaterina hurriedly took place. But the compromise failed—d'Anthès persisted in trying to see Natalia — and, as Pushkin's nerves reached breaking-point, the duel was rescheduled.

On January 27 (now early February in the new Russian calendar), Pushkin and d'Anthès faced each other in the wintry light. The duel scene was just as Pushkin had earlier described it in his novel, *Evgeny Onegin*, as though he had a premonition of his own death.

D'Anthès fired first and Pushkin fell, wounded in the lower abdomen. Raising himself on his left elbow, he managed to fire back and slightly injured d'Anthès in the ribs.

Pushkin died at home on January 29. Tsar Nicholas I paid off all his debts, published his works at government expense and gave a handsome allowance to his widow and children.

Karen McCall

Clothes and colognes to go a-wooing in

A man for a' that

Lucia van der Post

HOW TO SPEND IT

REAL MEN may think as one on the question of whether or not they eat quiche, but when it comes to the complex matter of who does or does not indulge in after-shave, cologne, deodorant, or even, good heavens make-up, then confusion reigns.

Ask any woman what she puts on her face and body to greet the world and you'll probably get a reasonably straight answer. Ask a man and you get a performance more akin to a virgin asked about her sex life —a marked reluctance to admit to anything.

Promoters and marketeers of such products say they are one of the fastest growing areas in the whole world of potions and lotions. It is now considered perfectly All Right for any real man, particularly of the upwardly mobile variety, to indulge in any tactics that might assist his rise up the corporate ladder.

Looking clean, wholesome, free from spots and tell-tale flakes on the collar, with bone-dry, sweet-smelling armpits is as much a part of the curriculum vitae as a natty way with a computer. As for non-corporate, less worldly man, the days when he could go a-wooing smelling of nothing more beguiling than old tweeds, tobacco and damp dog are long past.

Today, after-shave and cologne put in a regular appearance on many a bathroom shelf, but when it comes to the rest of the war-paint, the cosmetic houses seem in for an uphill battle. Verily, they warn them—of the skin that will sag like a dowager's, of bags under the eyes to put Barry Norman's to shame, of wrinkles not crinkles cluttering up the eyes, but most of it seems to leave corporate man unmoved—at least if my small sampling is anything to go by.

Corporate man still finds it all very "unserious" and to be "unserious" is to lack City cred. They say they use shampoos—the ones that are nearest the bath. They say they use deodorants—the ones their wives buy at Boots or Peter Jones.

One dear man, who shall be nameless, admitted that until he got married and his wife put him wise, he had always used a deodorant spray over his shirt "to make it smell nice."

Some said they used an after-shave and "things" — if they were given them for Christmas. Anything fancier was clearly considered so "Unserious" as to be beneath contemplation.

All of this is very bad news indeed for Aramis which has long been toiling to turn the average crumpled British male into a more fragrant, groomed and wrinkle-free member of the modern world.

If there are any men out there longing to be "done over," to be introduced into the wonders of dandruff-free hair, of spot-free chins, moisturised and tranquil skin, now is their chance to acquire a little know-how discreetly, quietly and above all free.

At Selfridges' annual Beauty Playground (on now until February 14) Aramis has set up what it calls its Investment Centre where consultation, advice and treatment, "together with a personal grooming investment plan for the year" will be given free. What this means when translated into plain English is that you will be advised on the best way to care for your hair, face and skin and this will include detailed advice on any shaving problem you may have.

If you are one of the approximately 13½m men who daily broaches your skin with a wet razor, you might like to know about the new(ish) Gillette Contour plus. Three rather conservatively minded guineapigs were asked to try them out — all were of the temperament that regarded shaving as an ancient ritual that they had been indulging in for years and were not inclined to think that much could be done to persuade them to change the artefacts pertaining to this rite. All were completely won over.

"I have never," said the oldest of the three, "ever had such a good shave from any other razor."

"Thirty-five years' experience in scraping the face each morning was instantly redundant," said another. "The new double-bladed cartridge on the razor's flexible head glides along making light of every undulation. Not only are nicks and cuts a thing of the past, but there is no afterburn. I could now do away with the Tuscany aftershave but for its nice smell."

"Please can I keep it?" said the third.

The Gillette Contour is widely available. The razor handle sells for £1.39, the replacement cartridges (which cost twice as much as blades but also last twice as long) cost £1.35 for a pack of 5 and £2.39 for 10.

Above

WHEN THE market closes, the computers stop bleeping and it is safe to drop the "life in the fast lane" look, there are lots of other roles to choose from. What about "here we are just about to open at Lords?" — clean preppy hair-cut, nonchalant tie (we don't want to look nervous, as if we haven't done it hundreds of times before) and a sweater that gives a fair imitation of the sort that W. G. Grace might have worn. Cream cricket pants (50 per cent cotton, 50 per cent viscose) £32.99, white classic shirt (100 per cent cotton), £15.99, cream cricket V-neck sweater (100 per cent wool), £22.99, striped "club" tie in Burgundy, blue and yellow (100 per cent silk) £12.99. All from Next for Men.

Right

LAST SEPTEMBER, at the time of the first Designer Menswear Show, I gave due warning that some of the sharpest scissors around were out, poised to transform the menswear scene. They were at it again last week—this time with an autumn look to match every life style. From city slicker to Retro fan, from suave preppy to country squire, there were clothes to dress the part. Photographed here is Ally Capellino's suggestions for the Highlands Country Gent look (needless to say, this is more a state of mind than a precise geographical qualification). Harris Tweed Norfolk jacket is about £225, Viyella check shirt about £69 and the corduroy plus-eights about £85. On sale late summer from Robinsons, 49 Dorset Street, London W1. Prepare yourself psychologically now.

PAUL SMITH is one of my favourite menswear designers —he has that happy knack of managing to make men's clothing look interesting and different without looking bizarre. Not an easy feat. He also manages to imbue everything he does with a certain "Englishness" which has helped make him such a success abroad particularly in Japan, where he has five shops. In New York he is about to open his very own Paul Smith Shop on the corner of 108 Fifth Avenue and West 16th Street. Here is his suggestion for spring— low double-breasted suit with wide lapels in lightweight wool Prince of Wales check, £257 for the suit, £59 for the pure cotton, soft collared shirt and £24 for the woven silk tie. All from Paul Smith shops—43-44 Floral Street, London WC1 or 10 Byard Lane, Nottingham.

Dear St. Valentine . . .

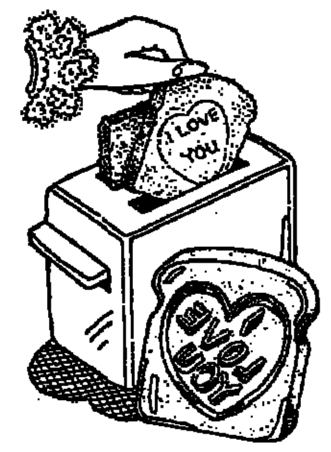
FOR HIM: A deep blue silk handkerchief, boxed in impeccable Penhaligon's style with a bottle of Lord's cologne, £15. From Penhaligon's shops at 4 Knights Arcade, Knightsbridge, London SW1; 55 Burlington Arcade, Piccadilly, London SW1; 41 Wellington Street, Covent Garden, London WC2; and 69 Moorgate, The City, London EC2.

FOR HER: authentic Victorian-style posy bound and entwined with antique lace. About £20, Jane Packer Floral Design, James Street, London W1.

FOR HIM OR HER: two long-stemmed champagne flutes in 24 per cent lead crystal made in England, each one engraved with initials of your choice. £18 for two glasses with one initial apiece. £25 for glasses with two initials. Must be ordered by Tuesday February 10. From The Perfect Glass Shop, 5 Park Walk, London SW10 OAJ (tel: 01-351 5342). Champagne is extra!

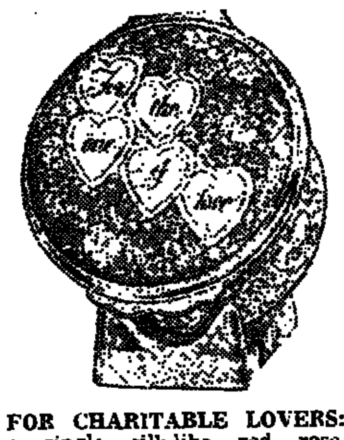
FOR HUNGRY LOVERS: heart-shaped pizzas from the Chicago Pizza Pie Factory, 17 Hanover Square, London W1. Ring what its public relations officer so charmingly calls the pizza heart-line on 01-491 3526 and for a total sum of £12.25 (£7.50 for the heart-shaped pizza and £4.75 for the GPO delivery) you can organise to have the pizza to be delivered anywhere in the UK on the morning of the day itself. Order by February 11.

FOR BREAKFAST LOVERS: toast imprinted with a heart-shaped message saying (what else?) "I love you." Buy the small red plastic gadget for just 99p from Boots Cookshops—you can always use it again next year.



CARRINGTONS (01-546 8827) are based in Kingston-upon-Thames but will travel west, north, south and east in the cause of true love to deliver a breakfast tray of chilled champagne, warm croissants, smoked salmon and chocolate (£35 for tray with full bottle of champagne, £21 for half bottle).

FOR SENTIMENTAL LOVERS: Halcyon Days, in its usual ineffable charming style, has produced a small round enamelled box painted with flowers and embellished with the immortal message—For the one I love. Number 14 in an annual series of limited editions, this one is £38.90 (postage and packing £1.60) in the UK. Order from Halcyon Days, 14 Brook Street, London W1Y IAA (01-629 8811).



FOR CHARITABLE LOVERS: a single silk-like red rose, assembled by handicapped people, can be sent to the loved one with your special message attached. Send £1.50 and the required message to John Grooms Association for the Disabled, 10 Gloucester Drive, Finsbury Park, London N4 2LP or telephone 01-802 7272.

FOR JOKEY LOVERS: hand cross-stitched pillow embroidered with the messages "you're positively purrfect" and in the corner slinks a black cat. £24.95 (p and p £1) from Frog Hollow, 15 Victoria Grove, London W8 5RW.

FOR LUXURY LOVERS: A bottle of Czech & Speake's latest fragrance—"Rose" comes in the usual beautiful glass bottle and smells delicately of English roses, jasmin and geranium bourbon. £31 for 200 ml (extravagant lovers could buy all the matching potions and lotions— the soaps and oils, the pocket sprays and pot-pourris). Czech & Speake stockists and from 39 Jermyn Street, London W1.

Anne Morrow

FOR ANONYMOUS LOVERS: a red and white balloon with the obligatory "I love you" on one side and "A Valentine's balloon from you know who" on the other. Strictest confidence, they say, is guaranteed. £2 per balloon—write with instructions to Curious Caterpillar By Post, Unit E, 102 Bancroft, Hitchin, Herts. SG5 1NB or telephone (you can use Access 0462 34156.

L.v.d.P.

Star quality

FOOD FOR THOUGHT

THIS IS a Peter Fort exclusive. With the unerring instinct for being in the right place at the right time, your dauntless correspondent brings you this report from the gastronomic front line.

I was in Paris last weekend when the capital's newest and brightest temple of cuisine threw open its doors to the public. I am the first English food writer—and French, for all I know—to report on Guy Savoy's new eponymous place at 18 rue Troyon, 17eme.

Guy Who? Those of you who are familiar with Paris will doubtless know that M. Savoy ran a highly successful establishment in the rue de Duret in the 16th arrondissement. In its austere way, Michelin noted its specialities as "huitres en nage glacee," "filets de rougets en foie de poularde," "chaussons de pommes de terre at de truffes;" and awarded it two stars. But it was an open secret that the only thing that came between M. Savoy and his third star was the old restaurant's cramped quarters.

Lack of space will no longer hamper M. Savoy in his quest for that third star and informed opinion is that he will receive it within six months. Be that as it may, it must be said, that although the new restaurant is spacious and elegant, its peachy, beigey decor may be a touch too decorous—even, dare I say, dull."

Let me start by paying tribute to the waiting staff. This was the first night, remember. It could have been the 1001, the way they went about their business. The whole room ran with the smooth efficiency that we manage to instil into our motor cars, but not into our waiters. They came. They went. We were never hurried. We never had to wait too long. They were neither deferential nor familiar. Everything was judged to perfection.

I confess I was a touch disconcerted to find a bread roll already resting on my side plate. More *il ristorante italiano* in London than the hallmark of a three-star outfit, I thought. Never mind, the chef had prepared a special dinner just for us.

A sea urchin arrived. The hollow shell was filled with its roe, barely poached in the most exquisite sabayon sauce I have ever tasted. It was just an *amuse-quele*, a little throw-away. There was a second, light and lightly scrambled egg with cabbage and the year's fashionable ingredient in France—caviar. Why could I find no recipes of this quality when I wrote about fish eggs the other week?

Now we moved into dinner proper. Courses came and vanished, seven in all — soup, veg, meat, cheese, and pudding, *pudding, pudding*. I don't want to get into a drooling description of each. It would be unseemly and unfair. They varied in quality, too, although three were absolutely outstanding by most criteria—a dish of seasonal vegetables poached in stock and scattered liberally with chopped truffle; duck sliced as thinly as smoked salmon and virtually raw, with foie gras and spinach; and a pudding which M. Savoy described, with a nonchalant shrug, simply as chocolat a l'orange.

I must say M. Savoy did not look too burdened by his search for a third star. He is a small, well-composed man. He has short greying hair and a young alert face with one of those beards that looks as if it stopped at the 10-day stage. He was impressively relaxed, although his eyes were on constant watch all the time he chatted to us.

And as the plates came and went, so did glasses of different wines — Champagne, Savennieres, Volnay, Bordeaux, Sauternes, all selected by a Sommelier who would have trouble getting served in England, he looked so young.

All of this may seem the very acme of greed to you. I can only say that it didn't seem so to me. This was not a *grande bouffe* in the sense of a blow out. This was light, exquisite and, above all, delicious food. Of course it drew on many techniques of recent fashions that are now decried this side of the Channel — sauces made from reductions, very light cooking, small carefully composed helpings. But it was in no sense faddish or simply fashionable. The lessons of cuisine nouvelle have been absorbed by M. Savoy and put to serve his own, highly individual purpose.

This is food that you could eat every day, if you could afford it, and never grow fat. But I have a sneaking suspicion that it has been developed for precisely those people who do have to eat it every day—restaurant critics.

Guy Savoy, 18 rue Troyon, Paris, 17e. Tel: Paris 4380 4161.

Peter Fort

Anthony Curtis on posthumous novels by Hemingway and Truman Capote

Along the Riviera

THE GARDEN OF EDEN
by Ernest Hemingway. Hamish Hamilton. £9.95. 247 pages

ANSWERED PRAYERS
by Trueman Copote, Hamish Hamilton. £9.95, 181 pages

TRUMAN CAPOTE, A MEMOIR
by John Malcolm Brinnin. Sidgwick and Jackson. £9.95. 182 pages

THE TIME is 1953: the month September: the place Porto Fino. Noel Coward is there, observing life along the waterfront in a form which he eventually scooped up into "The Bar on the Piccolo Marina . . ." So is Truman Capote with his friend John Malcolm Brinnin (the American poet, also friend of Dylan Thomas about whose last days he wrote a book, later turned into a stage play).

An encounter between the author of Hay Fever and of In Cold Blood is supremely to be desired and eventually it happened, and was recorded in the memoirs of Mr Brinnin. The dialogue went like this:

COWARD (to Capote): You know. I *adore* what you've done, that extraordinary way you have of putting a fantastic edge on perfectly ordinary things. How do you do it? In the course of a working day, for example, when in your mind you're not seeing anything unusual at all. Do you plan for it? *Does it simply come?*

CAPOTE (impassive): If it's there *to* come, I suppose. I don't go chasing it with a net. I don't add it to anything. I mean I don't *add* as you add an ingredient to soup.

Coward persisted but failed to prise anything more illuminating out of Capote than: "Whatever it is, it's not worth talking about."

Hemingway never talked about it either, but had the same way of cutting the cackle and addressing the reader with a directness that often seems to border on naivety. In fact, more than any other modern writer Hemingway invented this manner, and provided Capote with a model to emulate and in Capote's own Southern camp gay voice, to fantasticate. We now have the chance, through the publication of two novels they left unfinished, to observe them both at work on sensitive, personal material; something that they had, as it were, to write out of their systems, and with which they were *still wrestling when they died.*

The Garden of Eden, the more complete, was written just after World War Two. It would have benefited from some kind of introduction other than the minuscule publisher's note. It all happens on the Riviera where David, a novelist who has begun to make a reputation, is on his honeymoon with Catherine. The prose is vibrant, many cloying descriptions of bathing, sun-bathing, wine- and lager-drinking, eating of omelettes and salades nicoises.

All is sensuous bliss until Catherine wants to look like a boy and be made love to as such. She drives into Cannes and gets her hair cut in the manner of an Eton crop. On the way back she picks up Marita to whom both David and Catherine become drawn. What follows—with mounting incredulity on the reader's part—is one of those all-play-all sex contests in which Catherine is the ultimate loser, but not before she has burnt David's current manuscript in an attack of the heady gabblers.

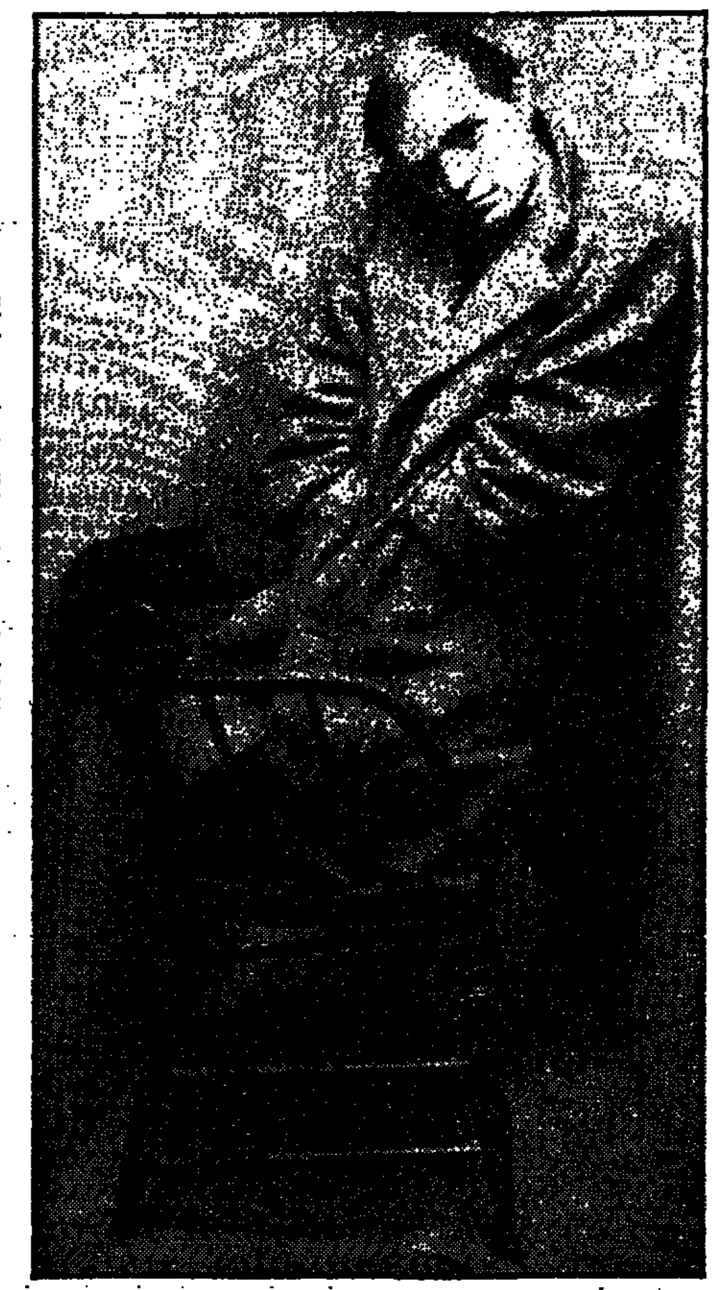
It is an odd book. The Master was parodying himself. Its theme would seem to be the incompatibility of literary work and marital fulfilment. Best are Hemingway's descriptions of David at work, losing himself in a writing a story about an elephant hunt.

If ever we were ever going to prize Capote's professional secret out of him it would be through the off-guard moments recorded by Mr Brinnin. They met first at Yaddo, the writers' and artists' colony not far from Saratoga Springs immortalised in novels by Alison Lurie.

Capote was working on his first novel, Other Voices, Other Rooms. Brinnin soon started writing up his friend's conversation in an assiduously kept journal and continued the process throughout the ups-and-downs of their acquaintance which became more and more sporadic as Capote's notoriety increased.

Eventually Brinnin was dropped altogether during the last dreadful years when Capote slid into the abyss of drug addiction. But before that Brinnin, when organiser of the public readings held at the YMHA (Young Men's Hebrew Association) in New York, started Capote on his secondary career as a performer (just as he had done with Dylan Thomas and with equally catastrophic long-term consequences). Brinnin's vivid descriptions of Capote's behaviour both on-stage and off are some of the best things in the book (parts of which have been published in an earlier book of memoirs).

Capote clearly regarded all relationships as expendable including the one with Brinnin. His unfinished novel, Answered Prayers is an exercise in which Capote methodically bites all the beautifuly manicured hands of the rich and celebrated who had fed him over the years as well as several of those of the poor people he himself had fed. Some of it was published in magazines. Tennessee Williams, who receives his hilarious comeuppance, never spoke to Capote again. But with prose like that who needs friends?



Irving Penn's study of Truman Capote in 1948. It is one of the portraits in the exhibition of this photographer's work at the V & A Museum, and in the book (Thames & Hudson, £16.95)

Jimmy Burns looks back nearly five years to the stormy days of the Falklands war

With the Task Force

MARCH TO THE SOUTH ATLANTIC: 42 COMMANDO ROYAL MARINES IN THE FALKLANDS WAR
by Nick Vaux. Buchan & Enright £11.50. 261 pages

OPERATION PARAQUAT: THE BATTLE FOR SOUTH GEORGIA
by Roger Perkins. Picton Publishing, £17.95. 260 pages

NICK VAUX and Roger Perkins have produced military accounts of the Falklands War which deserve to be read rather more than the majority of the "instant" books that overwhelmed the general public in the immediate aftermath of the conflict. The passing of time has tempered emotions, and furthered the cause of balance and insight.

Of the two, Vaux's is clearly the least ambitious although not necessarily the least recommendable. The author is neither an historian nor a journalist, but the commander during the Falklands War of 42 Commando Royal Marines. The book at one level works as a timely straightforward reminder of what it was like to be out in the field in this war. At the time it was fought, military action was so often distorted beyond recognition by censorship and journalistic imagination.

As the leader of men that were among the first to set sail with the Task Force, and among the first to march into the surrendered Port Stanley in June 1982, Vaux is in the privileged position of being able to provide an accurate chronology of key military events. His account predictably makes much of the marine's "characteristics" — such as endurance, courage, sense of duty, which Vaux believes played a vital contribution to the final victory.

Where the book is most revealing however is in the passages—and there are a number—when Vaux takes a back seat and reviews even the heroics of his own Task Force with a pinch of salt. Thus the book contains an account of Britain's crack troops mistaking a clump of rocks for an Argentine encampment. It also tells of when a "blow-pipe" missile, the proud technological purchase of the Ministry of Defence, spluttered out and collapsed into the sea, after malfunctioning like a cheap firework.

Orwell was wrong in insisting that the "humour and mock defeatism" of the English in time of war is a preserve of the ranks. For here is an officer who not only refuses to be a picture-book hero but also, towards the end of the book, can reflect the working-class loathing for what Orwell described as the "swaggering officer type, the jingle of spurs, and the crash of boots." Emerging muddied and bloodied from the scene of battle, Vaux feels only disdain for his Argentine opposite numbers who, after refusing to lead their men from the front, signed the surrender in immaculate uniforms.

This is not jingoism on Vaux's part, nor even a subtle form of cultural dismissiveness. He is careful to avoid making any rash statements about the Argentine people as a whole. Instead the bitter comment encapsulates a dramatic political encounter between a professional soldier, capable of returning to barracks once the battle is over, and a representative of the militarised society that Argentina once was.

Roger Perkins is a former soldier and intelligence officer. The fact that he was commissioned by the Fleet Air Arm to write a history of the recapture of South Georgia—the title is the code name given to the operation by the British high command—has proved both a curse and a blessing. Much of the book has the kind of minute detail and background no doubt fascinating to the main protagonists but which the general reader may find distracting.

Numerous pages (and photographs) are devoted to such subjects as the history of whaling in the south Atlantic and of the early escapades of the British Antarctic Survey ice breaker HMS Endurance. Perkins also seems to be under orders to provide elaborate profiles of almost every senior officer who took part in Operation Paraquat.

However, in spite of this I was left in no doubt by the end that Perkins has managed to pull off one of the more interesting books to come out on the Falklands War since the conflict ended.

Having been commissioned by the British military, Perkins was granted unrivalled access to previously hidden data, on the British side, about the lead up to the invasion. Some of the facts which the enquiry into the war headed by Lord Franks mentioned only in passing are here gone over with a toothcomb, providing a fresh insight into the lack of British foresight about what was brewing in Argentina in early 1982.

He focuses closely on those individuals, on the British side, who were not directly in the public eye at the time but who nevertheless displayed privately greater intelligence about Falklands matters than either Mrs Thatcher or Lord Carrington, the then foreign secretary.

Particularly illuminating is Perkins' account of the ceaseless and ultimately frustrated endeavours of lower ranking officers, such as Captain Barker of HMS Endurance to bring to the attention of Whitehall that something was rotten in the state of Argentina.

Perkins is clearly convinced—as presumably are some of his naval patrons — that the Franks report failed in concluding that no one in the British government should be held to blame for failing to realise that an invasion was being planned. This perception could have been all the more persuasive if Perkins had been allowed to go beyond his brief and delve more closely into the Argentine side of the war.

Instead Perkins delivers an anecdote about the chummy party for a visiting British crew hosted by the officers of the Belgrano early in 1982 at which neither side seems to have had an inkling of the conflict that was to break out a few weeks later.

Perkins' book contains some blank paragraphs with the simple explanation: "Censored by the Ministry of Defence." The slogan comes in the middle of an account of the scrap merchants' incident—when a group of civilian and military personnel raised the Argentine flag in South Georgia in March 1982 (The Falklands' Sarajevo) and in an epilogue emphasising the great help provided to the Task Force by the Senegalese in Dacar and the Americans on Ascension Island.

Such censorship is the stuff of military states rather than democracies. Maybe Operation Paraquat should have been renamed Operation Zircon.

CRIME

THE CORPSE ON OOZAK'S POND
by Charlotte MacLeod. Collins £8.95 197 pages

THE ROSE RENT
by Ellis Peters. Macmillan. £8.95 190 pages

MORE GOINGS-ON at the Balaclava Agricultural College, with Professor Peter Shandy obliging as amateur detective in The Corpse in Oozak's Pond. You either like these farcical murder stories, or you don't. Even for the admirers of Shandy and Miss MacLeod, this latest chronicle may be a bit over-rich in archness and heavy irony. It's as if the author felt an obligation to be *funny in* every sentence. The relationships of the rural families, with their odd names, are confusing occasionally. For Shandy addicts only.

Ellis Peters might seem—but is not — the poor man's Umberto Eco. Her Benedictines, unlike those of The Name of the Rose, are very much involved in the secular life of their city, Shrewsbury. They have little time for literary activity or theological dispute: but, like their Italian brothers, they have to deal with a series of murders. Brother Cadfael, in this 13th adventure, is as keen and human as ever. The Rose Rent is one of his most satisfactory chronicles.

William Weaver

Fiction

Wife on warpath

THE HEART OF THE COUNTRY
by Fay Weldon. Hutchinson £8.95. 199 pages

THE PROGRESS OF LOVE
by Alice Munro. Chatto & Windus £9.95. 309 pages

RUSSIAN NOVEL
by Edward Kuznetsov. Quartet £12.95. 285 pages, translated by J. Bradshaw

WOLF TICKETS
by Edward Hower. Robin Clark £10.95. 350 pages

IF FAY WELDON had been living and writing in the 18th century readers would probably have concluded that she suffered in her writing from an excess of the spleen. Human physiology however, has lost the expressive force it had in that robust century, and that magnificent organ the spleen has gone into total eclipse; so in these latter days we are reduced to calling Fay Weldon a satirist, which has an outmoded ring to it and by no means conveys anything approximating to the vigorous authorial presence in The Heart of the Country.

When Natalie Harris's husband runs off with the local beauty queen, she is left to *fend for herself in a world controlled by men and inflicted on women.* Fruitless battles with estate agents, bank managers and the implacable Welfare State force her into a tenuous alliance with other similarly dispossessed women—"sisterhood through sad experience" as Weldon puts it. It is a controlled, satisfying and highly characteristic tour de force, astringent and startling. It should do well on television.

Readers who prefer their fiction milder and less acerbic, however, might be better pleased with Alice Munro's latest collection of short stories, The Progress of Love. The author apparently wanted her book to be called White Dump, which has a more decisive, not to say idiosyncratic ring to it, and which also happens to be the title of the finest story in the collection.

There is love in this collection, but most often it is the tacit and warring affection which exists within families and between generations. What is more, one of Alice Munro's many virtues as a writer is a clear-sighted refusal to collapse into cliché at any time. She writes beautifully and uncompromisingly, as always, with a strong sense of place (Canada, and in particular rural Ontario) *and a particular sensitivity to* the effects of emotional and geographical mobility on her characters' lives.

Alice Munro deals with friendly relations between long-separated couples (in Lichen); but also with incidents involving remembered love-partners, once of supreme importance, now out of sight and mind (in Miles City, Montana and White Dump). Her especial interest in this volume is time: how people recast and edit their own lives, how the past becomes refracted and transmuted so that you even remember things which didn't happen, as occurs in the title story. She performs dextrous time-shifts within a single story, juggling different phases of the past so as to convey the impression that all time is eternally present. But the stories are *often* open-ended, sometimes anti-climactic, and to my mind they lack the edge of restrained poignancy and acute *feeling* which made The Moons of Jupiter and Something I've Been Meaning to Tell You so valuable.

To the other side of the world, and Edward Kuznetsov's Russian Novel. Kuznetsov now lives in West Germany, and his central device owes something to European post-structuralism and the idea that everything can be read as a text. Dimitri, the hero (or rather anti-hero) of Russian Novel, is the subject of a novel being written by his friend, Sipyagin—and Kuznetsov immediately plunges into a matrix of problems about the relationship between life and fiction, as passages from the life are interleaved with passages from the novel ("We think life is in our hands, when it's only the draft of someone else's story").

What is most interesting about the book is its portrayal of Moscow in the 1960s, washed up on the receding tide of Stalinism. People return from prison camps, only to meet their interrogator on the metro, while the rest of the world keeps its head down and bears an unrelenting grudge against people (like Dimitri) who threatens to rock the boat.

Wrongfully imprisoned for petty theft, he returns from a prison camp to find himself betrayed by his sweetheart: at this point the pain and hopelessness of the story start to intensify, and all the classic ingredients of Russian literature make their appearance: destiny, history, free will, the idea of the hero, and a despairing fatalism which has explicit political origins ("if anything happens to us, it's through the will of the authorities . . . we don't produce any events ourselves").

For all his modernist games-playing, Kuznetsov's portrayal in the closing pages of the book of Dimitri's desperate search for enlightenment (in a vodka-induced haze) is unforgettable.

Finally, Wolf Tickets by Edward Hower. I can't honestly pretend that a girls' Borstal in *upstate New York sounds* like promising material for a novel, but I can say that in Mr Hower's hands it becomes so. He shows *conscientious adults in* confusion over motives and methods, girls who are both aggressive and afraid, in an institution which seethes with tension and lurches dangerously from crisis to crisis. He focuses on one staff member, Steven, and his close relationship with the new arrival, Katrina; but Wolf Tickets is really about the whole community. Hower never sentimentalises or glosses over the sexual frustration, racial hatred or mafioso-style self-regulation of the girls. He portrays them as *emotionally* vulnerable one minute and attacking each other with broken shampoo-bottles the next.

My only criticism would be that Steven is too much of a hero, too strong, too dependable. But as a gripping account of an awkward subject that most of us would normally shy away from, Wolf Tickets cannot be bettered.

Kirsty Milne

Praising or appraising

THE LIGHTING OF THE LAMPS
by Susan Hill. Hamish Hamilton. £12.95. 210 pages

THIS BOOK is a compendium of various non-fiction writing, introductions to Susan Hill's own and others' works, journalism for a regular bookish column in the Daily Telegraph and some sample radio plays. Those who still remember the dramatic economy and sheer terror of King of the Castle or A Bit of Singing and Dancing will be surprised by the general tone of the critical writing which may be described as "school prize essay." The sentiments are always unarguably right-minded. Hardy, Betjeman, Rhys, Dickens and Beatrix Potter are given pats on the back. A piece on rubbish reading produces the view that "There ought to be a place for sheer, silly harmless, pointless rubbish in anyone's life." On women's writing she declares that "A great writer is, for the purposes of his art, neither male nor female." On literature in general she is even more persuasive, "The power of great imagination, the longings and desires it awakens, are stronger than any save those of love."

The radio plays, two monologues, two duologues and a more expansive fifth, make less comfortable reading. Here are the parents, for example, of a boy who has raped and murdered his sister and then hanged himself. This is Susan Hill, the fiction writer, mistress of the sensitively handled anguish. In an introduction written for a BBC Publications collection of her plays, she defines their content: "Plays are about human beings in confrontation—with one another, and with various aspects of their own selves, the contents of their fears and hopes for the future, the exigencies of their particular situations at given moments in time." She is right, of course, and those who do not often read radio plays will be pleasurably surprised at how well these sort of "human plays" come off in print.

Rachel Billington

Michael Hofmann: remembered father-figure

Poetry enjoys a new upswing

IF YOU think modern poetry in English is boring, obscure or based on in-jokes between reviewers for the TLS, it is much too long since you read any. Recently published work over the past year has a wide range, though nobody struck a convincing rural note and long poems did not go far from their starting-point.

There was a broad spectrum of ages, from **The Selected Poetry of Jaroslav Seifert** (Deutsch £9.95, 195 pages), the Czech Nobel prize-winner, who died last year aged 86, translated by Edward Osers, to the younger dialogue of Kathleen Jamie (24) and Andrew Greig (35). Even in English, there is a touching quality to Seifert's poems on love and women and his reminiscences in Prague.

As for Jamie and Greig, I am sorry to have missed their **A Flame In Your Heart** (Bloodaxe Books, £4.95, 74 pages), when first broadcast on Radio 4. Its love-story of a Spitfire pilot and his girl in 1940 is carefully detailed and makes a compelling read as it alternates artfully between the two characters.

Peter Reading's **Stet: Poems** (Secker and Warburg £5.95, 64 pages) is not at all what it looks. The words begin at the foot of the first page; the title has a red line crossing it out; an act of horrible violence is recalled in the first long fragment; the words "Muse, sing the Grotty" recur as a refrain. I have no taste for this sort of thing normally, but Stet has impressed me more than anything else in this review. Its multiple changes of tone and speaker are most cleverly handled and its social comment and observations are first-rate. It adds up to a strong, memorable whole, and against all expectations I ended by applauding it. Perhaps I should add that I was not aware, during my first reading, that Stet had been picked as poetry book of 1986 by the judges for the Whitbread Prize. It deserves a wide and generous readership.

John Mole's new collection, **Homing** (Secker and Warburg £5.95, 52 pages) is in quite a different vein: clear, accessible and often very moving. He writes conspicuously well on themes which touch on children: he also moves easily through literary and musical allusions, never losing his reader or the quiet power of his poetry. A very good ensemble.

John Drew's first book, **The Lesser Vehicle** (Bloodaxe: £3.95 47 pages) also reveals an evident talent. The introduction compares him with Blake and visionary poets of the past, but I did not find him oblique or too self-centred: a bit thin, perhaps, but able to strike home, even in the shortest space.

Pamela Gillilan's first collection, **That Winter** (Bloodaxe £4.50, 62 pages) is rather different. She began to write after the death of her husband and the individual poems gathered here have already won her prizes and public acclaim on their first outings. She specialises in poems which draw on her earlier memories, scenes with family, friends and distant places. Of all the books here, hers is the most likely to appeal directly to its readership: death is a frequent presence. *For my* taste, it is all a bit too evidently sad, but others may feel they have shared what she describes so powerfully.

Michael Hofmann's **Acrimony** (Faber £8.95, or £3.95, paperback, 80 pages) is a notable follow-up to his début in 1983. It is much the most imaginative and clever collection (Stet excepted): its recurrent theme is a father-figure, variously remembered and estimated. At times, it turns in on itself too conspicuously, but it also conveys a drama and presence which stand out in the past year's output.

The Diversions of Purley (Hamish Hamilton, £8.95, 74 pages) are proof of Peter Ackroyd's *versatility*: critic and literary biographer, he is here a poet too, though I found the result rather narrowly-focused.

The special "Four Pack" from **Four Northern Women** (Bloodaxe £4.95, 76 pages) has range and variety, but I did find all four (Fleur Adcock, Maura Dooley, Jill Maughan, S. J. Litherland) too prone to overwrite. As a "one-pack" from a southern woman, we now have Lauris Edmond's **Seasons and Creatures** (Bloodaxe £4.95, 56 pages). She strikes a quieter note, having published nothing before her 50s, and as a Commonwealth prizewinner is seen as "one of New Zealand's leading poets."

Lastly, America. I have undoubtedly missed much, but the best to reach me is Donald Hall's **The Happy Man** (Secker & Warburg, £5.95, 79 pages). His long, family reminiscence is particularly compelling, more so than the year's British rivals in this genre. He has the signal merit of catching scenery and slipping in the observed, ordinary detail, without losing the pitch and power of an extended poem. And here, if anywhere, the countryside does show with a certain conviction in an experienced poet's work.

Robin Lane Fox

Bloodaxe Books, publishers of *many of the volumes reviewed* above, are at PO Box 1SN, Newcastle-upon-Tyne, NE99 1SN.

Andrew Clements on a famous music score

Mahler in the flesh

GILBERT KAPLAN'S love affair with Mahler's Resurrection Symphony first surfaced in London in 1984, when he appeared at the Festival Hall with the London Symphony Orchestra to conduct it. Kaplan is not a musician by profession; he is a highly successful Wall Street investment expert, owner of the Institutional Investor, who has made enough money to indulge his passion for Mahler, and the Second Symphony in particular. He took lessons to enable him to conduct this one work, and has toured his performance widely on both sides of the Atlantic.

In 1984 he was able to buy the composer's manuscript of the symphony. After Mahler's death in 1911 it was owned by his widow Alma, who in 1920 gave it to the conductor Mengelberg for the festival of Mahler's music he organised in Amsterdam in 1920. From there it passed to the Mengelberg Stiftung and the Gemeentemuseum in the Hague, and it was from the museum that Kaplan bought the score.

That in many cases would have been the end of the story; there are to many important 20th-century manuscripts hidden away in private collections, where researchers cannot study them. But Kaplan has been at pains to make the Resurrection autograph as accessible as possible. The original is on deposit at the New York Pierpoint Morgan Library, and now the Kaplan Foundation has produced a magnificent facsimile edition of the manuscript, which is being distributed for sale by Faber and Faber.

To anyone used to the grey, indistinct "facsimile" editions of many works which appear from time to time, the sheer fidelity of Kaplan's publication is breathtaking. Every ink shade that Mahler used in writing and correcting the score has been reproduced; even one emendation in a colour used only on a single page has been faithfully matched. The background tint has been chosen to correspond with the colour of Mahler's manuscript paper when it was new; it is in every respect an almost disturbingly exact replica of the score as it left the composer's workroom.

Handsomely packaged in a silk binding and prefaced with useful articles by Kaplan and Edward Reilly on the genesis of the symphony as well as a selection of Mahler's contemporary letters, it makes a highly attractive package; the price does not seem at all inflated. While the usefulness of the facsimile for Mahler scholars is obvious, Mahler devotees are going to be fascinated by the facsimile itself: there is the frisson simply of beholding a publication so close to the real thing: the blue-pencil corrections and rehearsal figures, the ghostly pencil doublings (at the beginning of the scherzo, for instance), even the ink blots, bring the composition of the symphony and the composer's working methods to life in a highly convincing way.

Mahler's musical handwriting is perfectly clear, down to the smallest detail, and there are countless differences between the autograph, produced before the first performance of the Resurrection Symphony in 1895, and the critical edition of the score published in 1910. For Mahler's orchestral craftsmanship improved throughout his career; he continued to conduct his own music, and the alterations to dynamics and phrasing which he made in subsequent performances were steadily incorporated into the score. The intention of the symphony became progressively clearer, the direction to the orchestral players more precise.

But it seems to me that not all of the changes can be explained simply in terms of performing experience. As we can hear from the later symphonies Mahler's textural palette gradually changed; there is a great difference between the sonorities of the early symphonies, still wedded to the late 19th-century ideal of the orchestral tutti, richly scored and effulgent, and the chamber-like groupings of the Seventh, Ninth and Tenth, where clarity is paramount. Towards the end of his life the block scoring of much of the Second Symphony must have seemed coarse-grained, and many of the instrumental doublings he excised and the articulations he added surely reflect that growing concern for the expressive validity of the single instrumental line. He refined as much as he dared, without destroying the innate character of the piece.

To be able to see the state of Mahler's musical thinking in the early 1890s is fascinating in itself. It would be equally fascinating to hear a performance of the symphony based upon this manuscript, but mounting the work is such a costly exercise that such an experiment is unlikely to happen.

Gustav Mahler: Symphony No 2. Facsimile Edition. Kaplan Foundation; distributed by Faber and Faber. £100.

Radio

On a knife edge

I HAVE been asked what I meant last week by "a typical Saturday play," and by chance one came up this week. The Envy of the Stranger by Caroline Graham. This was a thriller about Roz Gilmour, hostess of a radio phone-in programme, who has a recurrent dream about being threatened by a man with a knife. One of her listeners is young Fenn, who has a hatred for people like Roz, who are "famous for being famous," when he could do everything they do if he were asked. One of her programmes deals with housing, and a listener asks specifically about the conditions of people like Fenn's mother. Fenn thinks Roz did not do enough about it, and this reinforces his desire to kill her, with the very knife she has dreamed of. Most of the play covers the means by which he got to close quarters with her (having dealt with two other girls, including her secretary, on the way). He nearly achieves his goal; a police marksman covering him fears, in unpolicemanly language, that "she'll be up to her armpits in blood. But it all turns out well.

No-one could be expected to believe in such a story. It's the equivalent of the Hammer Horror movies, designed to *thrill but not to improve.* Isla Blair as Roz was more convincing in her private life than in what we heard of her programme, and Jonathan Tafler was sinister as the East End pervert, though his accent was tinged faintly with drama school. Matthew Walters directed.

There is no such thing as a typical afternoon play. They are today's substitute for the magazine story. They may be fine, they may be pulp. This week offered one in each category. The good one was *Blue Pacific Island*, by Andrew Risik (Radio 4, Thursday). Andrew Rissik is the most interesting of the new writers I have noticed in the past year, both as critic and imaginative writer. *Blue Pacific Island* is no more than an account of an affair between a girl of university age and a mature married man in the Foreign Office. The affair progresses to the stage of a weekend in the country, which is interrupted by a call from the FO. They both call it off until after the girl has got her degree; then she accidentally meets him in Harrod's; he goes home with her, and dies in the night from heart-failure.

What raises the story to its high level is the sensitivity and truthfulness of the writing, the wonderful observation of personal detail. The allegory of the couple shipwrecked on a Pacific Island (which only approximately fits their case), and her half-serious suspicion that he must be a spy, which turns out to be half-true—these *are frameworks on which to* hang thought and event, but they are not part of the story. The story is simply the encounter of the girl and the man, so ably presented through Mr Rissik's clever dialogue, superbly *spoken by Juliet Stevenson* and Anthony Bate. Caroline Raphael was the director.

Pulp, I am afraid, is how I thought of Tuesday's afternoon play, *Flights of Fantasy* by Diane Whitley. Jean (Lesley *Nicol), wife of the manager of* a multiple store, fancies herself in love with Mike, the young man at the fruit and veg counter. When her husband is at work and her children at school, she plays games with herself, pretending that she and Mike are making love. She repels her husband Peter, whom she thinks must be having an affair of his own. Even worse, her daughter Amanda meets Mike at a disco and they fall for each other. Mutual relationships move to a hysterical climax when Mike calls unexpectedly for Amanda and Jean begins to make love to him. The situation is not resolved by Miss Whitley, who leaves us with a prolonged weep by Jean. She would have had to introduce a psychiatrist to clear things up. Tim Suter was the director, who was unkind enough to cast a girl as the schoolboy Jason.

It was good to hear Derek Cooper on Scotch whisky last Saturday *(One Dram too Many*, Radio 4), but not good to hear that there is a drop in demand for it. Single malts, which were not thought of until 20 years ago, are one department in which prospects are improving, *but I hope we shall not have* to proceed to the whisky cocktails dangled in front of us. Take 3 ounces of Scotch, 2 ounces of coffee liqueur, 3 ounces of cream, shake and top with toasted oatmeal: as Housman said, "It may be good for someone, but it is not good for me." Tomorrow afternoon on the Food Programme, Derek Cooper will go on to gin.

B. A. Young

Ronald Holloway reports on a long tear in the iron curtain

Russian cinema revolution

AS POLITICAL observers scan the Soviet Union for signs of a thaw under the "new look" régime, cinéastes harbour no doubts. There is, they say, nothing short of a revolution going on in Soviet cinema.

"Film Minister" Filip Yermash has been recently relieved of his post as head of Goskino (Central State Committee for Soviet Cinematography). His replacement, appointed at the end of last year, is *Alexander Kamshalov.* It will be his task now to give an official stamp of government approval for the general release of films.

The changes were first signalled last March by the national television broadcast of Alexei German's controversial feature film on Stalinist police activities in the mid-1930s, *My Friend, Ivan Lapshin* (1984). Another controversial television film, Tengis Abuladze's *Penance* (1984), which equates personality cults with Fascism, was screened to a stunned audience of writers and filmmakers in September.

The new mood of openness coincides with a fresh policy of activism among members of the Filmakers' Union, led by their newly elected first secretary, Elem Klimov. In concert with 20 film directors, screenplay writers, film critics and historians, he has been regularly viewing previously banned films. The group, known as The Conflict Commission, has drawn up a list of productions—documentaries and feature films shelved between 1966 and 1980 — which it is recommending for general release.

It is the feature films that are of the most interest. Among them is Gennadi Poloka's *Intervention*, subtitled *Grandeum and Decline of Ksidisa's House* (Lenfilm, 1967), which was banned because of its cabaret-style approach, to events following Krushchev's fall. Yuri Ilyenko's *A Spring for Thirsty People* (Dovzhenko Studios, 1966) was, with its image-packed folklorism, thought to have been too stylistically innovative at the time it was made. The previous year, Ilyenko, a cameraman turned director, had won the Best Camera award at the [illegible] for his lush photography on Sergei Paradjanov's *Shadows of Our Forgotten Ancestors* (Dovzhenko Studios). In 1968, Ilyenko's next feature film, *On The Eve of Ivan Kupala Day* (Dovzhenko Studias), only received only limited release. Thereafter, his "cinema of images" was doomed.

Gregori Chukhrai collaborated with a trio of young film-makers on an omnibus feature film, *The Beginning of an Unknown Era* (Mosfilm, 1967), produced at his experimental studio on the occasion of the 50th anniversary of the October Revolution. These included Larissa Shepitko's *Homeland of Electricity*, Andrei Smirnov's *Commissar*, and an unknown film by Gendrikh Gabay (who has since emigrated to the US). Of the three episodes, the Shepitko *contribution is* undoubtably the most striking: based on an Andrei Platonov story, it is a symbolic account of the fate of thousands as a famine wiped out populations in the Ukraine during the drive for farm col*lectivisation in the late 1920s.* Shepitko was the late wife of union. First Secretary Klimov.

Kyra Muratova's *Brief Encounter* (Odessa Studios, 1968) and *The Long Goodbye* (Odessa Studios, 1971) may be the jewels on the list. *Brief Encounter* stars the Romanian-born director herself and the actor-balladeer Vysotsky as an intellectual couple whose marriage is falling apart due to the burdens on a working professional woman. It also stars the talented *Nina Ruslanova as a simple* country girl working in the couple's household, whose innate sense of honesty and integrity forecasted in this film subsequent similar "pure soul" figures in both Soviet literature *and filmmaking of the 1970s.* There is no doubt that this was a key film of the previous decade, directed by a woman filmmaker little known in the West.


Modern Soviet cinema at its best: Larissa Shepitko in "Heat"

As for the remaining five films on the list recommended for general release, Bulat Mansurov's *Funeral "Kulager"* (Kazakhfilm, 1972) was considered by censors to be too visually innovative. Nikolai Rasheyev's *A Preserve for Hares* (Dovzhenko Studios, 1972) an unwarranted experiment in metaphor and allegory, Mark Osepyan's *Ivan's Motorboat* (Gorky Studios, 1974) a too critical portrait of contemporary life, Igor Sheshunov's *Victor Krohin's Second Try (Lenfilm, 1977) an* overcharged attack on social mores, and Vladimir Motyl's *The Forest* (Lenfilm, 1980) an over-experimental adaptation of Ostrovsky's venerated stage classic.

Then, too, the question of how these films will eventually find their way to general release and export abroad has to be resolved in the very near future. Since Elem Klimov won a resounding victory for what he described as "revolutionary" changes at the last general assembly of the Union of Soviet Film-makers at the end of January, the way is now open for the restructuring of the entire Soviet film industry along the following lines:

● "Dom Kino" (recently rechristened "House of Filmmakers") plans to collaborate with Goskino (the Soviet film ministry) as an equal voting partner on major issues—such as the entry of films at international festivals, the approval of screenplays and production plans, and the organisation of national film events. This *parity will be particularly* evident come the next Moscow international film festival in July. Essentially, this comes down to a close working relationship between Elem Klimov and Alexander Kamshalov.

● *The union of Soviet Film*makers will be making use of funds from the sale of cinema tickets for the productions of self-approved projects. One of these is already under way: a Belorussian film titled Time of Disaster, directed by Mikhail Stasdhuk and scripted by Yevgeni Grigoriev. It is a story set in the troubled 1930s when forced collectivisation of farms under Stalin erupted into a bloodbath of fearful proportions. Such a production has never been attempted before in Soviet cinema.

● The Odessa Film Studios—once a dream of Stalin's to create a "new Hollywood" on Soviet soil—will probably be turned over to the Union of Soviet Film-makers for the implementation of a new policy of self-determination in national film production. The guiding principles of this plan have become familiar bywords on the Soviet cultural scene: glasnost (openness), perestroyka (restructuring) and democratisatia.

● Contacts with the West are vigorously being sought. The forthcoming Berlin International Film Festival (February 20-March 3) will bring Elem Klimov there on the closing days of the festival for a special screening of his *Farewell to Matyora*, followed by a workshop in his honour at the Academy of Fine Arts (March 4-6), to be attended by Soviet and German artists and film makers and to be followed by Klimov's admission to the West Berlin academy.

Shortly after, he will fly to Los Angeles for the film festival there in mid-March to work on a "telebridge scheme," featuring an open dialogue between film makers in the United States and the Soviet Union some time later this year.

Persian carpets lose their magic

THE MARKET for Eastern rugs and carpets has been one of the incidental casualties of the Iranian Revolution and the war with Iraq which followed on its heels. It was not so much that production of Persian carpets was interrupted—although it was. A greater cause of uncertainty was the permament settlement in the West of many Iranian carpet dealers with nothing to live on but their stock.

In mutual misfortune they tended to off load rugs and carpets at steadily declining prices at the same time. Now modern Persian rugs and carpets are roughly half the price per sq metre (as they are valued, rather unartistically) than they were four years ago. Wisely, both Sotheby's and Christie's have given up selling such items.

They are also selling fewer of the older, and more valuable, rugs and carpets than they were a decade ago. This is little to do with the turmoil in the Middle East; more to the scarcity of supply. The basic, boring fact is that carpets and rugs just wear out. In addition, European taste has not taken to the style of Persian carpets made since 1930.

Perhaps the dominant feature has been the arrival *on the scene of the interior* decorators, anxious to acquire large carpets actually to put on the floor, rather than the traditional collector, with his penchant for suspending them on walls. Decorative carpets, with large designs and pale colours, appealing to western taste, have become much sought after. Persian carpets, with close intricate patterns and dark colours, have gone out of favour.

*So step forward French car*pets—like the Aubusson and the Savonnerie, now very much in demand—and the Ziegler, made in Sultanabad, in northern Iran in the second half of the 19th century but fashioned to designs and colours ordained by the Manchester firm of Ziegler, which meant large patterns in pale blue, ivory and saffron. Sotheby's has an Aubusson in its auction on Wednesday. The price is estimated at £4,000-£6,000, but it could now go for up to £10,000. Sotheby's also has quite a run on Zieglers.

According to Victoria Mather of Sotheby's, "carpets and rugs are now cheap floor coverings." Many of the lots she has on offer are estimated at less than £1,000 and it is a pity that because of mystique attached to the market, most will be bought by dealers. Apart from large and decorative carpets, other types now somewhat sought after are old Turkish carpets (favoured by Germans, as wall coverings), the best Heriz carpets, and Caucasian.

Next Wednesday's auction is routine. Nothing of tremendous quality has appeared on the market for over two years, but in April Sotheby's is offering a 27 foot long Persian carpet from the Kurdish north. It dates from the 18th century and depicts a garden: it could top £70,000. There is also a pretty Savonnerie carpet estimated at up to £50,000.

Sotheby's can be optimistic about its auction because Christie's sale was a success on Thursday, when the fifty-odd *lots on offer produced a total* ahead of estimate. Estimates are being kept to cautious levels but even so the top lot, a Kashan Mochtasham carpet measuring 9 ft 7 in by 7 ft 10 in, comfortably exceeded its top estimate of £7,000, selling to a dealer for £12,100. Indeed, the Persian carpets did well, suggesting a slow, if cautious, return to confidence.

Antony Thorncroft

Chess solution No. 658

1 P-B7, If 1 . . . K-N3 or N5; 2 P-Q and 3 Q-B6 or 3 Q-KB5. If 1 . . . K-K3; 2 P-R and 3 Q-6. If 1 . . . K-K5; 2 P-N and 3 Q-KB4.

Video

Aesthetics take a beating

OVER RECENT years the spread of video software has become a deluge, bursting as if from a broken dam and sweeping into every creek and crevice of our audio-visual life. The *good news about this torrential* ubiquity is that it will revolutionise the ease with which we can study and enjoy movies. The bad news, with video picture quality currently and stubbornly second-best to celluloid, *is that the viewing experience* becomes debased even as it becomes more frequent.

In-flight movies, for instance, which used to be a pleasure, are now a penance. Video images blown up to airline screen size produce blurred focus and hideous tutti-frutti colours. And TV programmes which use movie clips from 'Film 87' to "The World According To Smith And Jones" are now deploying video versions of the excerpted films with similarly dire results.

If screen aesthetics are not to go into a headlong downward spiral, video technologists should be working overtime to increase the quality of colour *and picture resolution. So long* as they remain at present levels, no video customer should be expected to pay the £50-£60 going rate to purchase the latest blockbuster that has stepped down from large screen to small. This is the money you are asked to pay today for "big" new releases like *Commando, Legend, Revolution, Pale Rider, The Goonies* or *A View To A Kill.*

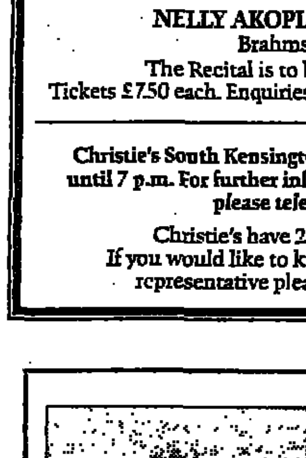
As I indicated last month, 1987 is the year in which you should cold-shoulder the overpriced new movies and go for the bargain-price golden (or monochrome) oldies. Most of these films come at under £10. And not only do they suffer less when translated to video-viewing, being less sophisticated in their aesthetic finish than a 1980s product, but they are a currently endangered species threatened with the vandalism of "colourisation" and other supposed enhancements.

The latest lunatic brainwave in the enhancement market is to attach a narration to a movie *video's soundtrack to help* spoonfeed the audience along. James Stewart has recently supplied one for the US video version of *Winchester 73.* So this month's build-your-library suggestions are devoted to the *Western. Warners, Video Collec*tion and Channel 5 are the companies providing the goodies. Buy now while unenhanced stocks last.

The Westerner: Gary Cooper gunslinging for director William Wyler in 1940 classic. *Duel In The Sun:* love at first fight between Gregory Peck and tempestuous Jennifer Jones, directed in dust-blazed scenery by King Vidor. *Fort Apache: Fonda and Wayne sparring* between bugle calls in John Ford's cavalry classic. *Rio Grande:* Ford laying out the landscape and action like a master painter. *High Noon:* gunfights and tension in immortal black-and-white, *directed* by today's leading anti-colourisation campaigner Fred Zinnemann. *Rio Bravo:* Wayne and Dean Martin fighting baddies, bargirls and dangerous liquor in Howard Hawk's sumptuously affectionate action-romp riposte to *High Noon. Once Upon A Time In The West:* Sergio Leone's great spaghetti Western, with more strands of plot and theme than you could pick up in one forkful. *True Grit:* Wayne as crusty old Rooster Cogburn going out with a blaze of glory and winning his first Oscar.

Among the newer films, it is a good month for seekers after *the quirky. Best black comedy: The Tenant* (CIC), in which Roman Polanski directs himself as a haunted transvestite in Paris.

Nigel Andrews



Educational

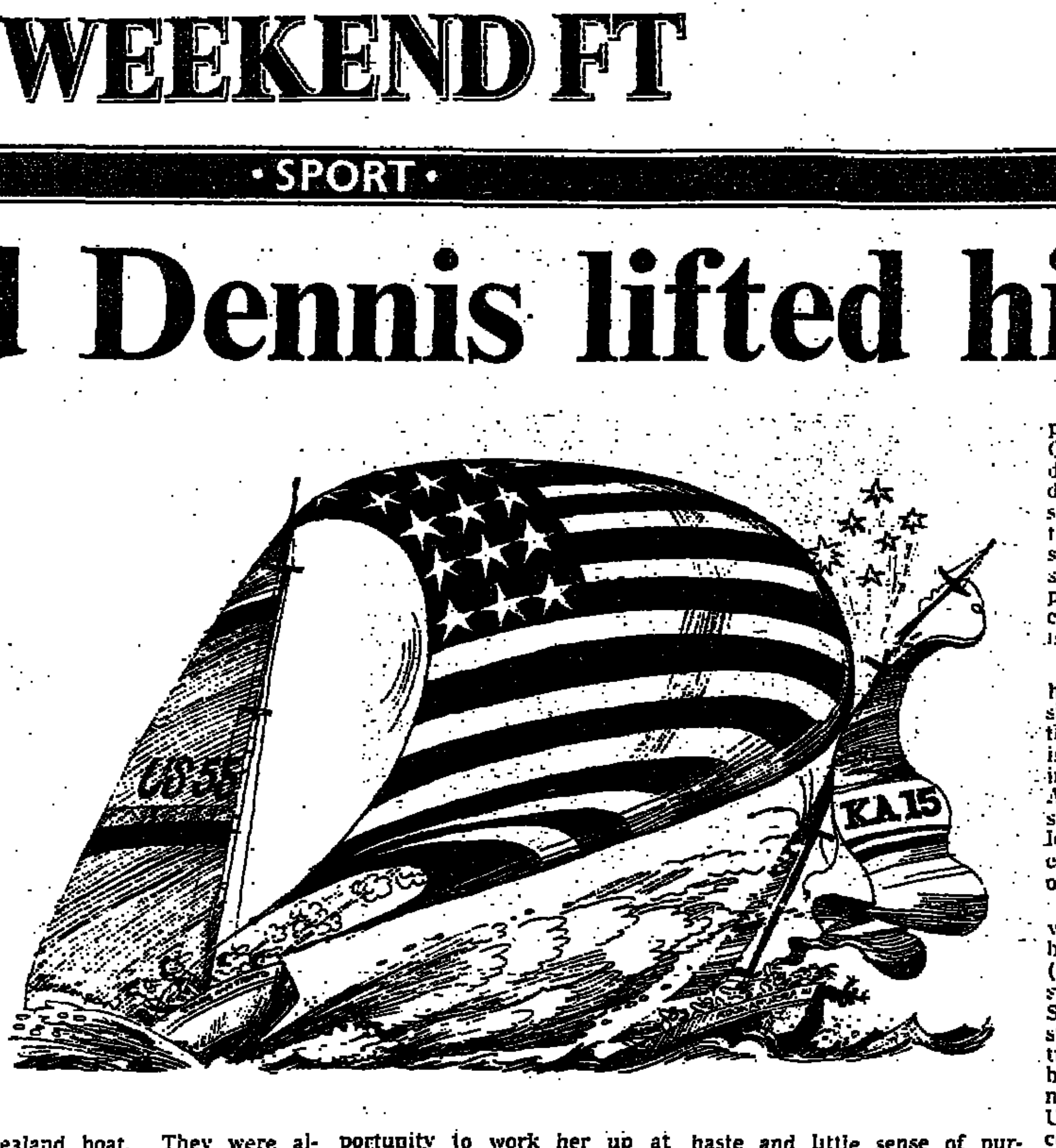
Art Galleries

WEEKEND FT

SPORT

How Big Bad Dennis lifted his game

Yachting has hit the big time, thanks to the remarkable America's Cup revenge by Dennis Conner. Keith Wheatley reports from Fremantle, West Australia



ASTRONAUTS used to receive the kind of welcome Dennis Conner is about to receive in the US. Handshakes and back-slapping in the Oval Office; ticker-tape parades down Fifth Avenue. Yachting has hit the big time.

Conner was his usual impassive self as the gunsmoke-blue sloop Stars and Stripes crossed the finish line on Wednesday 1 min 59 secs ahead of Australia's Kookaburra III. Around him, the world cut loose from its moorings.

Big, jowly and moderately happy, Big Bad Dennis drank Australian champagne from the bottle as he turned the 12-metre downwind and headed for a Fremantle harbour that resembled Mardi Gras on water. I watched the race from Freedom: a US$4m, 125ft sloop belonging to the former US Secretary to the Treasury William Simon. "A great day for America," said Simon as cases of Tattinger were broken out.

Whether it was the shock of the loss or the impact of Conner's True Grit approach to what is, after all, only a yacht race, the Californian skipper has succeeded over the past three years in mobilising the technological and "can-do" skills of his countrymen in a remarkable fashion.

Whatever other resolve Conner brought to Fremantle for this America's Cup, it was foremost in his thoughts that he would not be hit by radical new technology as he had been at Newport in 1983, when losing the Cup. Yet back in October, during the first challenger round robin, Stars and Stripes was not looking impressive. The weather was light and she was a big, heavy boat. Few people gave Conner and his crew the credit they deserved for chalking up wins under such a handicap.

Five months ago, one race meant one point, and no one paid much attention. Last Saturday it was the first race of the America's Cup final, and the eyes of the world were on Conner and Kookaburra III.

In the lightest of fickle zephyrs, the San Diego helmsman and his tactician, Tom Whidden, did a brilliant job picking up a crucial windshift, but the boat under their feet was still faster than anyone expected. The supposed twin Achilles heels of the American boat, downwind performance and light air speed, simply did not exist.

Between mid-December, at the end of the third round robin, and now, Stars and Stripes has been developed out of all recognition. In her semi-final she looked vulnerable, on past form, against the straight-line speed and tacking ability of USA. Yet Tom Blackaller's radical forward-rudder boat went down the tubes — 4-0.

Conner's record against the Kiwis was not impressive: a win, and not a conclusive one, in October and then two losses. Yet in the challenger final, Chris Dickson and his crew were lucky to salvage a win and their pride out of the five races sailed.

The Kiwis' technicians were sure, before the final, that their data showed Stars and Stripes as slower than the New Zealand boat. They were almost certainly right: but as in every prior stage of the competition, Dennis had lifted his game.

How had he done it? Stars and Stripes '87 is a comparatively new boat. She arrived in Western Australia almost "fresh out of the box," the San Diego team having had little opportunity to work her up at their training camp in Hawaii. But the boat also came with a formidably experienced design group behind her, headed by Stars and Stripes design co-ordinator John Marshall.

Where some groups, notably the Italia and Eagle syndicates, cut and welded between round robins with frenetic haste and little sense of purpose, with Stars and Stripes each change was always a known theoretical improvement. The biggest and most helpful tool in this area was the group's computer modelling of hull shapes.

One of the US Navy's primary design contractors, Science Applications International Corporation, had been on the Conner team since the earliest days. Its head of hydrodynamics, Dr Nils Salveson, spends most of his professional time working on submarine shapes and the hulls of surface ships. "Twelve-metre design poses an exceptionally exciting challenge," said Salveson. "Drag is the crucial factor in 12s.

"If drag is reduced by one-half per cent in a navy ship, a slight economy in fuel consumption might be realised. If drag is reduced by the same factor in a 12-metre, she can win the America's Cup." It was the pursuit of minimalised drag that led Stars and Stripes to a radically different keel from her opponents.

The Fremantle design convention during the Cup has been for maximum width (around 3.6m) keel wings, swept back like a jet fighter. Stars and Stripes has short stubby wings (rather like Australia II) with a huge bulbous beak on the front, the "Roman nose" as it has been christened. Using time on the Cray supercomputer donated to Conner's challenge, SAIC has been able to predict the effect of keel changes with great exactitude.

Now the Cup goes back to San Diego, to be defended in 1990. Yachting pundits have listed several good reasons why California's second-largest town would be a less than ideal venue: shortage of harbour space (the good 'ol US Navy own most of it) and lack of wind being the most crucial.

However, the town where Dennis Conner grew up, learned to sail, and still has a carpets and drapery business is not going to miss its hour in the sun. Fremantle earned around US$1.1bn from the Cup; and while San Diego may be bigger and wealthier, no community sneezes at that sort of opportunity.

Graham Walker, chairman of the British syndicate, the White Horse Challenge, believes the Americans will have a hard time defending the Cup.

"It's there for the taking," says Walker, who put around £2m of his fortune into the White Crusader bid. "The defenders were too small a group here in Australia to get the level of tuning and competition that the challengers received, and I think the same thing will happen in the US."

How many challengers there will be in 1990 is still anybody's guess. Japan and Germany, new countries to the Cup, have already put down markers. They want to display their technology on a world stage.

Among old favourites Britain Canada, France and Australia are already certain to be there. The 1987 America's Cup might have been won by the favourite, but there are plenty of keen outsiders saddling up for the next race. The event has never been in better health.

Rugby: **Nicholas Keith** on the Five Nations championship

French juggernaut ready

THE FIVE Nations rugby union championship starts today—three weeks late because of the weather and at the beginning of one of the game's most important sessions in a century. In May and June, the teams will be off to Australia and New Zealand for the inaugural World Cup.

The weather which caused the postponement (until April 4) of the first-round matches seems to have worked entirely in favour of France, who start as favourites anyway. Today, they entertain Wales at Parc des Princes with its rockets and roosters, garlic and Gauloises. This is the match of the tournament, and Wales do not go to Paris with the advantage of a game under their belts, as they would otherwise have done.

The Welsh have made one change from the side that was due to play Ireland, recalling John Devereux at centre in place of Roger Bidgood, who misses his first cap. Devereux—only 20—is a brilliant young centre with strength, speed and vision, and only injury kept him out of the original side.

With Jonathan Davies, the stand-off, Devereux is one of the great Welsh hopes, along with Robert Jones at scrum-half and two inexperienced but talented wings, Glen Webbe and Ieuan Evans. Paul Thorburn is back to form with his goalkicks, the only surprise being the other centre, Kevin Hopkins, of Swansea.

What concerns many observers is that the selectors have not gone with the all-conquering Neath team, especially in the back row where David Pickering, the captain, Phil Davies and Paul Moriarty, have been chosen. There are plenty of supporters for at least two of the Neath loose trio—Lyn and Mark Jones, and Phil Pugh, in that order. The selectors have also picked two middle jumpers—Robert Norster and Steve Sutton—whereas many would prefer Llanelli's Phil May as the No 2 lineout jumper.

One way and another, this does not look the right balance to upset the French, who enjoyed a magnificent 16-3 victory over New Zealand at Nantes last November 17. This was a marvellous result for their coach, Jacques Fouroux, the former scrum-half nicknamed Le Petit General. The previous weekend, France had lost 19-7 to the All Blacks, yet Fouroux maintained the same pattern and tactics. The French won by hard, simple rugby, with the ball rarely going further than Berbizier, the scrum-half, and the flankers, Champ and Rodriguez. New Zealand have rarely been so outplayed at forward, and this was only France's fifth win over them in 21 games.

Away from home, France can be their own worst enemies; but as they play host to their two strongest rivals, Scotland and Wales, they should go to the World Cup — where they are in the same group as Scotland, Romania and Zimbabwe — with their eighth championship and their fourth grand slam in the bank.

Today's other match is between Ireland and England in Dublin. The Irish are hard to assess, having won the Triple Crown and the title in 1985 and the wooden spoon last season.

This year, their wittily wise coach, Mick Doyle, has recruited Syd Millar to instruct the forwards. Millar with nine Lions Tests and 37 Irish caps at prop, is vastly experienced, though surpassed by Phil Orr who wins his 52nd cap today. This leaves Doyle free to coach perhaps the most gifted three-quarters in Britain—Ringland, Mullin, Kiernan and Crossan. All are world class.

England's captain, Richard Hill, is not amused that his team are favourites for the wooden spoon, although they have never been so well prepared. They have been helped by Tom McNab, the former British athletics coach and adviser to the makers of *Chariots of Fire*, and have also had an exhaustive series of divisional matches—won convincingly by the North—and a trial.

The trial pitted the XV which had beaten Japan (without complete conviction) in October against the best of the Rest, who were expected to win but went down 10-9. Mike Harrison, Kevin Simms and Rob Andrew (of the backs and the North) were rightly promoted. With Rory Underwood, this looks a decent ball-playing back division.

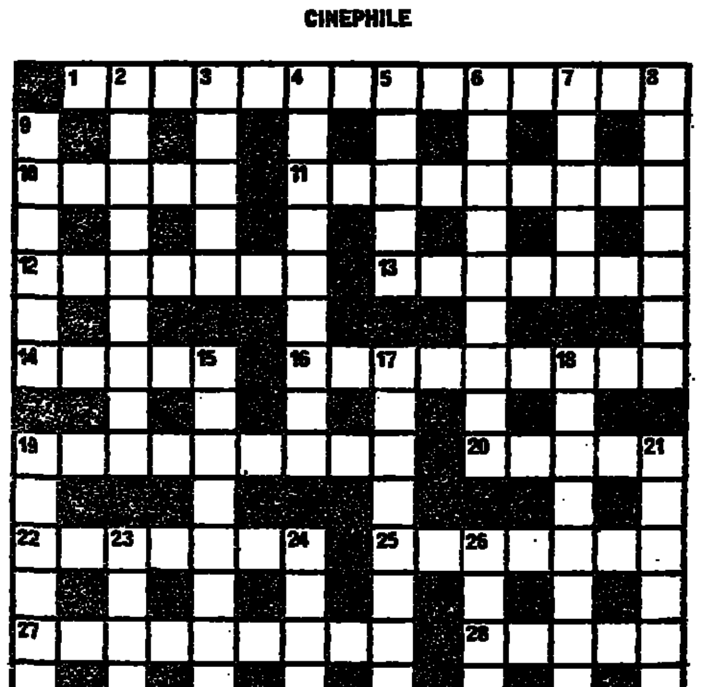
The question is whether they will see enough possession. The selectors were hampered by the declining form of Bath, who earlier had been expected to make up the nucleus. So, although John Hall, Paul Simpson, Nigel Redman and Graham Dawe (winning his first cap at hooker) have been picked, Gareth Chilcott is left out.

There was also the problem that the first-choice locks, Steve Bainbridge and Wade Dooley, were not available, and the selectors—as in every position—have gone for the most athletic men available, Redman and Dave Cusani, the latter of whom gets his first cap.

● **Other matches: February 21: England v France; March 7: Wales v England, France v Scotland; March 21: Scotland v Wales, Ireland v France; April 4: England v Scotland, Wales v Ireland.**

FT CROSSWORD PUZZLE No. 6,247

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

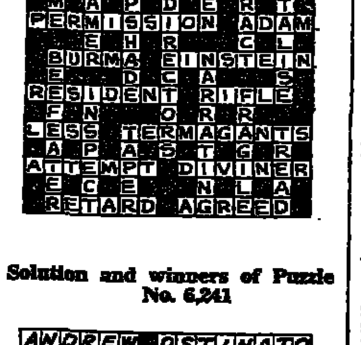
ACROSS

1 Period travel is bad for Tommy (7, 7)
10 Left like queen, it beams (5)
11 "I sing of a maiden" that keeps eggs (9)
12 Drawing a vehicle with nothing on (7)
13 Aardvark, a Barnet product (3, 4)
14 Rage: "most upset" is about right (5)
16 Radioactive metal possibly put me in U.N. (9)
19 Terriers in wood have a point: sample? (9)
20 Vocal summons for bishop outside shelter (5)
22 Give post to a quiet fieldsman? (7)
25 Striking actors are rejected (7)
27 Fool, it appears, in form of duel shows weariness (9)
28 Element of excellence in diamonds (5)
29 Sailor to take over doctor's job at the butts (6, 8)

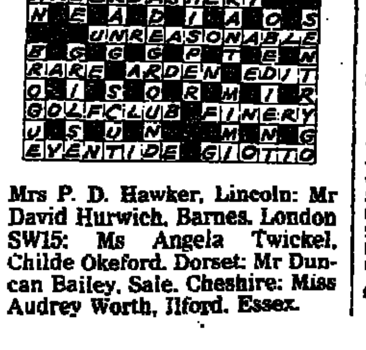
DOWN

2 Lake from which river rose, perhaps (9)
3 Sign for classical man to depart (5)
4 Associations of towns in two unfinished bits of cricket (9)
5 Bright star (in 3 down), Southern type (5)
6 Origin of pale daffodil in the shade? (5, 4)
7 Annie may be silly (5)
8 Sort out drink to put speakers on (7)
9 Garment doesn't work (6)
15 Destruction of dam by direct aim? (9)
17 Occurrences in a catastrophe nc men at all survive (9)
18 Broken lance: it is rigid (9)
19 Small home, dull and no longer available (7)
21 Explosive used in hoist? (6)
23 Problem for model? (5)
24 Blow gives model the sulks (5)
26 Pull the thing, that is (2, 3)

Solution to Puzzle No. 6,246



Solution and winners of Puzzle No. 6,241



Mrs P. D. Hawker, Lincoln: Mr David Hurwich, Barnes, London SW15: Ms Angela Twickel, Childe Okeford, Dorset: Mr Duncan Bailey, Sale, Cheshire: Miss Audrey Worth, Ilford, Essex.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Hunter. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand, including 12.20 Rugby Preview; 12.35 Football Focus; 1.00 News; 1.05 World Skiing Championships (Women's Slalom); 1.20 Boxing; 1.55 Rugby Union: France v Wales; Ireland v England—kick-off at 2.45; 4.10 Football Latest; 4.15 Rugby Union: France v Wales (second-half highlights); 4.35 Final Score. 5.05 News. 5.15 Regional programmes. 5.20 Perfect Strangers. 5.45 Jim'll Fix It. 6.20 Hi-De-Hi!

6.50 Bob's Full House. 7.25 The Paul Daniels Magic Show. 8.10 Bergerac. 9.05 Carrott Confidential. 9.40 News and Sport. 9.55 Cagney and Lacey. 10.45 Film: "Blood Money," starring Lee Van Cleef. (In the event of England reaching the final of the World Series Cricket Cup, coverage from Australia will begin at 10.45 lasting until 6.45 am.)

BBC 2

†2.00 pm Film: "The Goose Steps Out," starring Will Hay. †3.15 Film: "Band Waggon" (Arthur Askey and Richard Murdoch star). 4.30 International Bridge Club. 5.00 European Figure Skating Championships. 5.45 World Skiing Championships. 6.15 Micro Live. 6.45 Newsview. 7.25 The Love of Three Orchestras. 8.55 Saturday Review. 9.55 Film: "Choose Me," starring Genevieve Bujold and Keith Carradine. 11.40-1.25 am Film: "Le Beau Mariage" (A Good Marriage).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No. 73. 11.00 The Outsiders. 12.00 News. 12.05 pm Saint & Greavsie. 12.30 Wrestling. 1.20 Chips. 2.15 Comedy Classic: Please, Sir! 2.45 European Figure Skating Championships. 4.45 Results Service. 5.00 News.

5.05 Walt Disney Presents. 5.15 Connections. 5.45 The A-Team. 6.45 Cannon and Ball. 7.15 Me and My Girl. 7.45 The Price Is Right. 8.45 News and Sport. 9.00 Dempsey and Makepeace. 10.00 Aspel and Company. 10.45 LWT News Headlines followed by "The Final Conflict — Omen III," starring Sam Neill. 12.40 am Glastonbury (Richie Havens).

CHANNEL 4

9.25 am A Question of Economics. 9.50 Moneyspinner. 10.20 The Living Body. 10.45 The World — A Television History. 11.15 The Last Sailors. 12.15 pm Isaura The Slave Girl. 12.55 World of Animation. 1.15 Channel 4 Racing from Sandown Park. †3.20 "Demobbed," starring Nat Jackley and Norman Evans. 5.05 Brookside Omnibus. 6.00 Right to Reply.

6.30 The Great Australian Boat Race: The America's Cup. 7.00 News Summary followed by 7 Days. 7.30 Bandung File. 8.15 There Is A Happy Land. †9.00 The Power Game. 9.55 4 Minutes. 10.00 Saturday Live. 11.15 "The Wall" (Le Mur).

S4C WALES

10.30 am Opinions: The Red Flag. 11.00 A Week In Politics. 11.45 What The Papers Say. 12.00-12.30 pm The Marketing Mix. 12.45 European Figure Skating Championships. 1.15 Racing from Sandown Park. 1.35 Rygbi Rhyngwladol. 3.35 World of Animation. †3.50 Feature Film: "Oliver Twist," *starring Robert Newton, Alec Guinness* and John Howard Davies. 6.00 Right To Reply.

6.30 The Great Australian Boat Race: The America's Cup. 7.00 The March of Time. 7.30 Newyddion. 7.50 Stumrau. 8.20 Bwrlwm Bro. 9.20 Y Maes Chwarae. 10.20 Soap. 10.50 E.R. 11.20 Feature Film: "The Enemy."

IBA Regions as London except at the following times:—

ANGLIA

11.00 am Tarzan. 1.20 pm The Fall Guy. 5.15 Blockbusters. 12.45 am Dare to be a Daniel.

BORDER

11.00 am Spiderwoman. 11.30 Pick a Number. 1.20 pm Tarzan.

CENTRAL

11.00 am Spiderwoman. 11.30 Runaway Island. 1.20 pm The Fall Guy. 2.15 Who's the Boss? 12.45 am Queen Live in Rio. 1.40 Central Jobfinder '87.

CHANNEL

11.00 am Ice Skating. 11.59 Today's Weather. 1.20 pm The Fall Guy. 5.15 Blockbusters. 12.45 am Midem Trophies Gala, Pt. 2.

GRAMPIAN

11.00 am U.F.O. 1.20 pm Magnum. 5.15 Blockbusters. 12.40 am Reflections.

GRANADA

11.05 am The Greatest American Hero. 1.20 pm UFO. 2.15 Small Wonder. 12.45 am Special Session (Robert Cray Blues Band).

HTV

11.00 am UFO. 11.58 HTV News. 1.20 pm The Fall Guy. 12.45 am Saturday Night Music (Steve Hackett).

SCOTTISH

11.00 am Fireball XL5. 11.25 Aubrey. 11.30 The Smurfs. 1.20 pm The Love Boat. 5.15 Blockbusters. 12.45 am Late.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Chips. 11.57 TSW News. 1.20 pm Fisheries News. 1.35 Walt Disney Presents. 1.45 Diff'rent Strokes. 2.15 City Safari. 5.05 Newsport. 5.10 Blockbusters. 5.40 Gus Honeybun's Magic Birthdays. 12.45 am Postscript.

TVS

11.00 am Ice Skating. 11.57 TVS Weather. 1.20 pm The Fall Guy. 5.15 Blockbusters. 12.45 am Midem Trophies Gala, part two. 1.30 Company. SATURDAY, FEBRUARY 7 1987.

TYNE TEES

11.00 am The European Figure Skating Championships. 11.55 Lookaround. 1.20 pm Tucker's Witch. 12.45 am Poetry of the People.

ULSTER

11.00 am The Outsiders. 11.58 Lunchtime News. 1.20 pm UFO. 4.55 Sports Results. 5.03 Ulster. 8.57 Ulster News. 12.40 am News at Bedtime.

YORKSHIRE

11.00 am Simon & Simon. 1.20 pm Scarecrow and Mrs King. 12.45 am *Jobfinder.*

Stereo on VHF

BBC RADIO 2

8.05 David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm Pull the other One. 1.30 Sport on 2 including Football; Rugby Union: Ireland v England (kick off 2.45) and France v Wales (kick off 2.00); 5.00 Sports Report. 6.00 I'm Sorry I Haven't a Clue. 6.30 Look What They've Done To My Song. 7.00 The Conch Quiz. 7.30 Gala Concert Hall. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls, with Dave Gelly. 1.00 Bill Rennell's presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.15 Chicago Symphony Orchestra. Roussel (Symphony No 4). Dutilleux (Timbres, espace, mouvement): (12.00 Interval Reading). 12.10 pm Franck (Symphony in D minor). 1.00 News. 1.05 Takacs String Quartet. Haydn's Op 77 No 2 and Beethoven's Op 18 No 6. 2.00 BBC Singers. 3.00 Bruno Walter as conductor and pianist. Mozart (Masonic Funeral Music, Piano Concerto No 20), d'Indy (Istar), Schubert (songs with Kathleen Ferrier; Symphony No 9), Smetana (Bartered Bride: Overture) (mono, except first item). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Schubert Ensemble of London (Chamber music by Suk, Mahler and Michael Berkeley). 7.20 Changes. 7.30 "Ariodante," Handel's *opera sung in* Italian in a Swiss Radio recording with Tatiana Troyanos in the title *role* (8.25-8.30; 9.30-9.35 Interval Readings). 10.30 I Can Sing, Dance, Rollerskate. 10.45 Bracknell Jazz Festival (John Scofield Quartet). 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 *News.* 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 The Week in Westminster. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 News; Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Dilys Powell's History of the British Cinema (S). 2.30 The Afternoon Play (S). 3.05 Alice's Redoubt.

4.30 pm News; International Assignment. 4.30 Science Now. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping forecast. 5.55 Weather; Travel. 6.00 News; Sports round-up. 6.25 Stop The Week with Robert Robinson (s). 7.00 Saturday Night Theatre (s). 8.30 Baker's Dozen (s). 9.30 Thriller! 9.50 Ten To Ten (s). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature (s). 10.45 One Man and His Newt. 11.00 Tales From The Mausoleum Club (s). 11.30 The Cabaret Upstairs (s). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Umbrella. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Take Nobody's Word for it. 10.55 Buongiorno Italia! 11.20 Lyn Marshall's Everyday Yoga. 11.30 Parent Programme. 11.45 Telejournal. 12.10 pm Sign Extra. 12.35 Farming. 12.58 Weather for Farmers.

1.00 This Week Next Week. 2.00 EastEnders. †3.00 Film: "Suspicion," starring Joan Fontaine and Cary Grant. 4.35 The British Record Industry Awards Preview. 5.00 European Figure Skating Championships. 5.40 Antiques Roadshow. 6.25 News. 6.40 Songs of Praise. 7.15 Last of the Summer Wine. 7.45 Miss Marple: Nemesis. 8.40 Mastermind. 9.10 News. 9.25 That's Life! 10.10 Everyman. The Madonna of Medjugorje. 11.05 Designers. 11.35 The Sky at Night.

BBC 2

1.55 pm Rugby Special. 2.55 The Week in the Lords. 3.35 Castaway. 3.55 The World of Dogs. 4.30 Music in Camera. 5.10 Thinking Aloud. 5.50 Ski Sunday. 6.30 The Money Programme. 7.15 Seventy Summers. 7.45 The Natural World: The Volcano Watchers. 8.35 Cricket: The World Series Cup (Final). 9.25 Did You See . . . ? 10.10 Screen Two: Naming the Names. †11.35-1.00 am Film: "Johnny Allegro," starring George Raft.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Fraggle Rock. 10.00 No 73. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship from St Alban's Roman Catholic Church, Chaddesden, Derby. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Getting On. 2.00 LWT News Headlines followed by Encounter. 2.30 The Big Match Live: Arsenal v Spurs.

4.30 A Little Princess. 5.00 City Safari. 5.30 Bullseye. 6.00 The Television Show. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Surprise Surprise. 8.45 Crazy Like A Fox. 9.45 News. 10.00 The World According to Smith and Jones. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by End of Empire.

CHANNEL 4

9.25 am Sunday East followed by Deawaroin. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Pob's Programme. †2.30 "Journey's End," starring Colin Clive. 4.45 World of Animation. 5.00 Robinson Country.

5.30 News Summary followed by The Business Programme. 6.15 Australian Rules Football. 7.15 The World at War. 8.15 State of the Art. 9.15 And Now For Your Sunday Night Dramatic Entertainment. 10.00 "Goodbye Columbus," stars Richard Benjamin. †11.55 The Twilight Zone.

S4C WALES

9.05 am Hafoc. 10.00 The World This Week. 11.00 Worzel Gummidge. 1.30 The Waltons. 12.30 pm The Tube. 2.00 Viva Verona: "Tosca," with Hungarian soprano Eva Marton in the title role. 4.15 The Romarkable Rocket. 4.45 Arwyddion Ffyrdd. 5.15 The Business Programme. 6.15 Australian Rules Football.

7.15 Wel Cwac Cwac. 7.20 Newyddion. 7.30 Cadwyn Cerdd. 8.00 Pobol Y Cwm. 8.30 Dechrau Canu Dechrau Canmol. 9.00 Rhaglen Hywel Gwynfryn. 9.35 John Neu John Gwilym (John Neu John Gwil). 10.35 A Fortunate Life.

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Cartoon. †11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.30 am Personal View.

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook.

CENTRAL

9.25 am Max the 2000 Year Old *Mouse.* 1.00 pm *Getting On.* 1.30 *Here* and Now. 12.30 am Central Jobfinder '87.

CHANNEL

9.25 am Today's Weather. 9.28 Starting Point. 1.00 pm Les Français Chez-Vous. 1.30 Enterprise South. 6.25 Channel News Headlines and Weather.

GRAMPIAN

9.25 am Cartoon. 11.00 At Home: The Bishop of Bath and Wells. 11.30 A Full Life—Bishop Trevor Huddleston. 1.00 pm Farming Outlook. 1.30 Face the Press. 2.30 Scarecrow and Mrs King. 3.30 Bullseye. 4.00 City Safari. 5.00 Scotsport. 12.30 am Reflections.

GRANADA

9.25 am Max, The 2000-Year-Old Mouse. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.10 Wish You Were Here . . . ? 1.40 This Is Your Right. 11.30 Hotel.

HTV

9.25 am Max The 2000 Year Old Mouse. 1.00 pm West Country Farming followed by Weather for Farmers. 6.36 HTV News.

SCOTTISH

9.25 am Peter's Adventures. 11.00 Encounter. 11.25 Cartoon. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 Cross Current. 2.30 Hart To Hart. 3.30 Bullseye. 4.00 City Safari. 5.00 Scotsport. 8.45 Murder, She Wrote. 12.30 am Late Call.

TSW

9.25 am Look and See. 1.00 pm The South West Week. 1.30 Farming News. 4.30 Gardens For All. 5.00 A Little Princess. 5.30 Bullseye. 6.35 TSW News. 12.25 am Postscript Postbag.

TVS

9.25 am Employment Action! 1.00 pm Agenda. 1.30 Enterprise South. 6.25 TVS News. 12.30 am Company.

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 Face The Press. 5.30 Northern Life—Sunday Edition. 12.30 am Epilogue.

ULSTER

9.25 am Cartoon Time. 12.58 pm Lunchtime News. 1.00 Getting On. 1.30 Advice With Anne Hailes. 1.58 Farming Weather. 6.38 Ulster News. 8.45 Sing Out. 9.15 The Cosby Show. 9.57 Ulster News. 12.25 am Sports Results. 12.30 News at Bedtime.

YORKSHIRE

9.25 am [illegible] 1.00 pm Getting On. 1.25 Farming Diary. 12.30 am Five Minutes. 12.35 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Dana says Good Morning Sunday. 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 All-time Greats. 2.00 pm Benny Green (continues on VHF only). 2.30 Soccer Special (Littlewoods Cup Semi-final: Arsenal v Spurs). 4.15 The Guitars of the Aguado Duo with the Langham Orchestra [illegible]. 4.30 Sing Something Simple with the Cliff Adams Singers. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Vince Hill's Solid Gold Music Show. 7.30 Operetta Nights. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.45 [illegible] at the piano. 11.00 [illegible] 1.00 am [illegible] presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Wake up to Haydn! 8.00 World Service News. 8.10 Primo E Secondo. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Jorge Bolet piano recital. 12.15 pm From the Proms: BBC Welsh Symphony Orchestra conducted by Mariss Jansons: Tchaikovsky (Fantasy-overture Romeo and Juliet), Prokofiev (Piano Concerto No 2, with John Lill): (1.10 Interval Reading). 1.15 Sibelius (Symphony No 1). 2.05 Schutz (settings of biblical texts). 2.45 Mozart's Quartet in F (K590) and Bliss's 2nd Quartet played by the Delme Quartet. 3.50 "Romeo and Juliet," Berlioz's dramatic symphony sung in French in a performance given at the 1985 Leeds Musical Festival. 5.30 New Premises (Nigel Andrews presents the arts review). 6.15 Envy hatred and malice (Rodney Milnes concludes his exploration of themes in opera). 6.45 Liszt and the Piano. 7.20 Changes. 7.30 London Symphony Orchestra, part 1: Debussy (Images). 8.05 The Darker Door (a selection of Victor Hugo's letters). 8.25 Concert, part 2: Stravinsky (Rite of Spring). 9.15 21st-Century Blossoms. 10.00 The Lyrical Schoenberg. 10.50 Telemann. 11.20 Nash Ensemble. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday including 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service (S). 10.15 The Archers (Omnibus edition). 11.15 Pick of the week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World this Weekend. 1.55 Shipping forecast. 2.00 News. Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.30 Heritage. 4.00 News; the Food programme.

4.30 The Natural History Programme. 5.00 News; Travel. 5.05 Down Your Way. 5.50 Shipping forecast. 5.55 Weather. 6.00 News. 6.15 Reith Lectures Discussion. 7.00 Martin Chuzzlewit by Charles Dickens. 8.00 Bookshelf. 8.30 Musicke that Goethe with a Wheels (S). 9.00 News; Some Mother's Son (S). 9.30 Law in Action. 9.55 Weather. 10.00 News. 10.15 The Sunday Feature. 11.00 Seeds of Faith (S). 11.30 In Committee. 12.00-12.15 am News.

James Ellis in "Naming the Names," Screen Two. BBC-2 10.10 pm